

NICK J. RAHALL II
3d DISTRICT, WEST VIRGINIA

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

RANKING DEMOCRAT:
SURFACE TRANSPORTATION
AVIATION
WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON RESOURCES
ENERGY AND MINERAL RESOURCES

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Congress of the
House of Rep
Washington, DC

February 16

The Honorable William Jefferson Clinton
Attn: Office of Legislative Affairs
The White House
102 East Wing
Washington, DC 20500

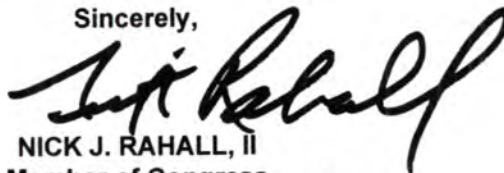
Dear Mr. President:

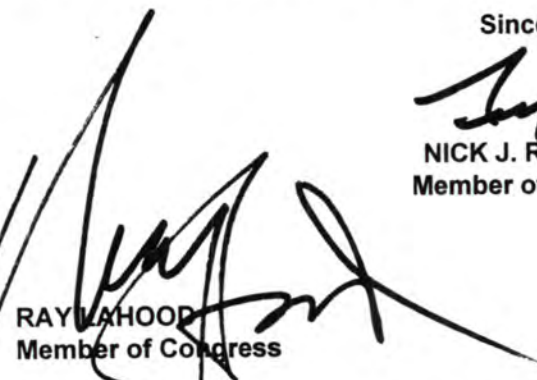
It is with great concern that we contact you today. As Arab-American members of Congress, we follow developments in the Middle East closely.

The escalation of violence at the Lebanese-Israeli border and Israel's targeting of Lebanese civilians and infrastructure is not only in violation of the U.S. brokered 1996 agreement, but further undermines an already derailed peace process. As your Administration works to resolve this latest crisis, we hope you do so in a manner that displays genuine concern for Lebanon's territorial sovereignty and integrity, and reinforces our Nation's efforts to achieve a comprehensive Middle East peace.

With warm regard and deepest appreciation, I am

Sincerely,


NICK J. RAHALL, II
Member of Congress


RAY LAHOOD
Member of Congress


JOHN SUNUNU
Member of Congress


JOHN ELIAS BALDACCI
Member of Congress


PATRICIA DANNER
Member of Congress


CHRIS JOHN
Member of Congress

02-21-00
Send to Leg Affairs
for reply? ☒

yes ☒
No ☐

Coordinate w/ NSC? ☒
yes ☒
No ☐

ON, DC 20515-4803

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Box 5
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S.C. 1:53

Dear President Clinton:

We are deeply concerned by the Administration's failure to condemn Israel's most recent massive attacks on Lebanon.

For more than 20 years now, Israel has bombed both Lebanese and Palestinian civilians and targeted the infrastructure of Lebanon in repeated attacks against that country. As a result of the failure of our government to respond more forcefully to these attacks – to denounce them, to express compassion to the Lebanese victims and to call on Israel to make restitution for damages - the Israelis have felt unrestrained in their actions and the Lebanese have felt abandoned.

Israel remains in occupation of Southern Lebanon in violation of UN Security Council Resolution 425 and its attacks against Lebanon's civilian infrastructure are in violation of the US-sponsored April 1996 Understandings.

We call on the Administration to demonstrate a firm resolve to end Israel's assaults on Lebanon and bring about the withdrawal of Israeli forces from Lebanon.

Sincerely,

Sam Zay Sally Shohang Joseph

Rana NABHANABI Ismael Ahmed

maheer Abdelgader

Yahya M. Bahr

Lamyah Jubran

Han Ma

Miriam Zayed

Amir J. al-Hakim

Salim Al-Mansourati

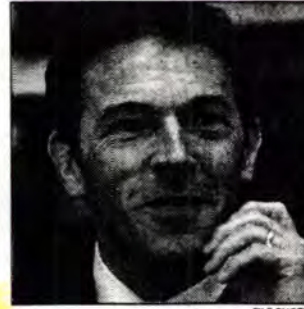
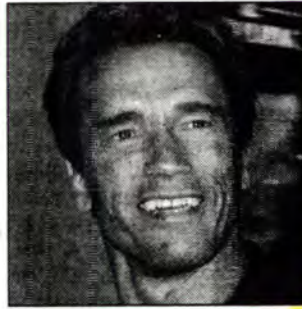
NAMES & FACES

Haider, Austro-sized

Austrian-born tough guy **Arnold Schwarzenegger** says Austrian politician **Joerg Haider**, leader of the xenophobic Freedom Party, is a bad, bad man. "As an immigrant myself, I am offended by anyone who makes anti-immigrant statements, and it is my opinion that someone who makes statements like Haider's has no place in government," Schwarzenegger says in a statement just posted on his Web site.

Although he has been photographed with Haider, Schwarzenegger supported the politician at the time.

Schwarzenegger's spokesman **Olim** said the statement was made in response to media questions, explaining his role in filming in Canada and canny reporters' calls. Olim said Schwarzenegger and Haider had nothing, having been taken together at a movie premiere. "The picture speaks for itself," Schwarzenegger said. "I am not linked with **Kurt Waldheim**, Austrian president who in 1985 was removed from the United States after his role in the Holocaust was revealed by Schwarzenegger's wedding. About Waldheim, Olim said anything about that one



FILE PHOTOS

h with Joerg Haider.

ready to take that long walk down the aisle, though neither would reveal the name of his intended or when the nuptials will take place. But ladies, don't despair, the three other Backstreet Boys—**AJ McLean**, **Howie D.orough** and **Nick Carter**—are still single. In other wedding news, **Christian Slater** and

Ryan Haddon—parents of son **Jaden**, 10 months—tied the knot last weekend in Beverly Hills.

End Notes

A Washington area giant schnauzer called **Ruster's The Dark Command**—named after his birth-kennel and a Roy Rogers movie—took home the best of breed prize at the Westminster Kennel Club Dog Show this week in New York. The 95-pound solid-black pooch, known as **Koal**, is owned by **Mary and Peter Hayes** of McLean. ... A Los Angeles court has dismissed a suit by the undercover police officer who arrested **George Michael** in that public restroom in 1998. The cop was suing the Britpop singer for \$10 million for emotional distress over the incident. ... Baby boy **Bill Clinton Bislimi** was born early Thursday to Kosovar Albanian refugee **Qamile Bislimi** and her husband, **Rifat**, according to the Orange County Register. The couple fled Kosovo last spring with their two children and ended up in Orange County, Calif. **Rifat Bislimi** said they named their third child after **President Clinton** "because he's the man who saved myself, my family and my people."

—Compiled from staff and wire reports by **Beth Berselli**

Send to Burkhardt for reply?

Yes ☒
 No ☐

I adore brilliant, Phyllis humble were. ere. times take any me nedy, s great ewis of the and l rters of

"Jerry's Kids" at the Muscular Dystrophy Association to not stop donating because of his remarks.

Wedding Band

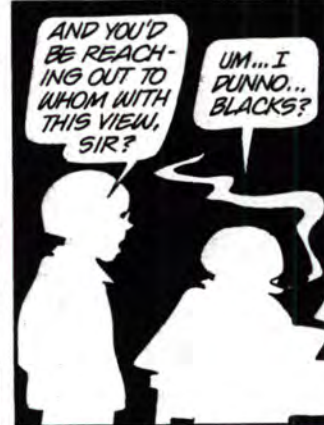
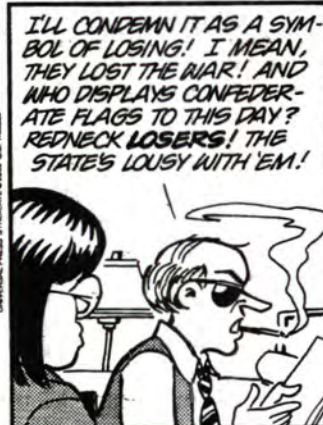
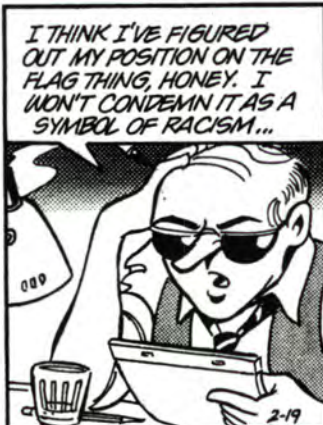
Teenage girls' hearts are breaking all over the place because two of the Backstreet Boys have announced their engagements. **Kevin Richardson**, 27, and his 24-year-old cousin **Brian Littrell** told MTV this week they're

You've Come a Long Way, Babymaker

After a very difficult labor, **Jerry Lewis** has delivered an apology for saying he doesn't like female comedians and that a woman is really only "a producing machine that brings babies in the world."

Despite his not-so-funny comments at last weekend's U.S. Comedy Arts Festival in

DOONESBURY By GARRY TRUDEAU



Try to get a address - DO NOT
Learn to turn - The

Karen
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BREAD UPON THE WATERS

ROSE PESOTTA

ILGWU Convention Issue
June 1992



THE PRESIDENT

2/21/2000

Karen -

I found this in my books
and thought you might like to
have it —

Best,

Bill

**BREAD
UPON THE
WATERS**
ROSE PESOTTA

Edited by John Nicholas Beffel

ILR PRESS
*New York State School of
Industrial and Labor Relations
Cornell University*

C O N T E N T S

To the memory of my father, who died as he had lived,
unafraid; to my mother, for her infinite loyalty and
patience . . .

To the pioneer builders of our union, whose vision and
idealism inspired me; to the victims of the Triangle fire,
whose martyrdom aroused me; to the shirtwaist makers
and dressmakers, whose unselfish devotion lighted my
path; and to those organized working men and women
in America who battle for a place in the sun for all their
kind—

This book is dedicated

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Acknowledgments	v
Foreword	vii
1 <i>Flight to the West</i>	1
2 <i>California, Here We Come!</i>	19
3 <i>Mexican Girls Stand Their Ground</i>	34
4 <i>The Employers Try an Injunction</i>	44
5 <i>Our Union on the March</i>	53
6 <i>Subterranean Sweatshops in Chinatown</i>	64
7 <i>Far Cry from 'Forty-Nine</i>	78
8 <i>Police Guns Bring General Strike to 'Frisco</i>	85
9 <i>Some History Is Recorded in Chicago</i>	91
10 <i>I Go to Puerto Rico</i>	103
11 <i>Island Paradise and Mass Tragedy</i>	115
12 <i>Yet the Puerto Ricans Multiply</i>	125
13 <i>Last Outpost of Civilization</i>	135
14 <i>Early Champions of the Common Man</i>	141
15 <i>Employers Double as Vigilantes</i>	151
16 <i>Out on a Limb in Seattle</i>	161
17 <i>Travail in Atlantic City</i>	172
18 <i>Milwaukee and Buffalo Are Different</i>	183

19	<i>Vulnerable Akron: The First Great Sit-Down</i>	195
20	<i>'Outside Agitators' Strive for Peace</i>	208
21	<i>Pageant of Victory</i>	219
22	<i>Auto Workers Line Up for Battle</i>	228
23	<i>General Motors Capitulates</i>	241
24	<i>French-Canadian Girls Get Tough</i>	253
25	<i>We Win Against Odds in Montreal</i>	269
26	<i>Union Fights Union in Cleveland</i>	278
27	<i>The Mohawk Valley Formula Fails</i>	291
28	<i>European Holiday: War Shadows Deepen</i>	305
29	<i>Graveyard: Boston Is Boston</i>	317
30	<i>Return Engagement in Los Angeles</i>	332
31	<i>Back in the American Federation of Labor</i>	345
32	<i>Dust-Bowlers Make Good Unionists</i>	361
33	<i>End of an Era</i>	374
34	<i>Labor and the Road Ahead</i>	393
	Appendix	407
	Bibliography	417
	Index	419

ACKNOWLEDGMENTS

WHEN I went back to work I set out to write a book as an organizer. During the process I received a great mass of memoranda—letters, press, leaflets, pamphlets, copies of organization drives, statistical reports, and the urge, but soon realized before me.

Fortunately, at that stage, my friends came to my aid. Though he has been claiming credit only as editor or collaborator that made this book possible, I express my deep appreciation for his ability to get at first-hand sources and for his accuracy with regard to names.

In developing my narrative I received many opinions from various other friends. Both the A F of L and the CIO took advantage by McAlister Coleridge, Norton Starr, and Samuel H. Norton. The manuscript also were scanned by labor problems—Drs. Therese W. Laidler, and Broadus Mitchell. Thomas F. Frank Winn read some of the chapters. Abraham Katovsky went over the manuscript and William J. Sheehan the CIO parts; Yvette Cadieux Blonin read the pages on *Puerto Rico* weighed, from the viewpoint of the author. Schulkind, Lillian Weinberg, Frank Ada Rose, Nat Weinberg, and

THE PRESIDENT HAS SEEN
02-21-00

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

February 18, 2000

copied

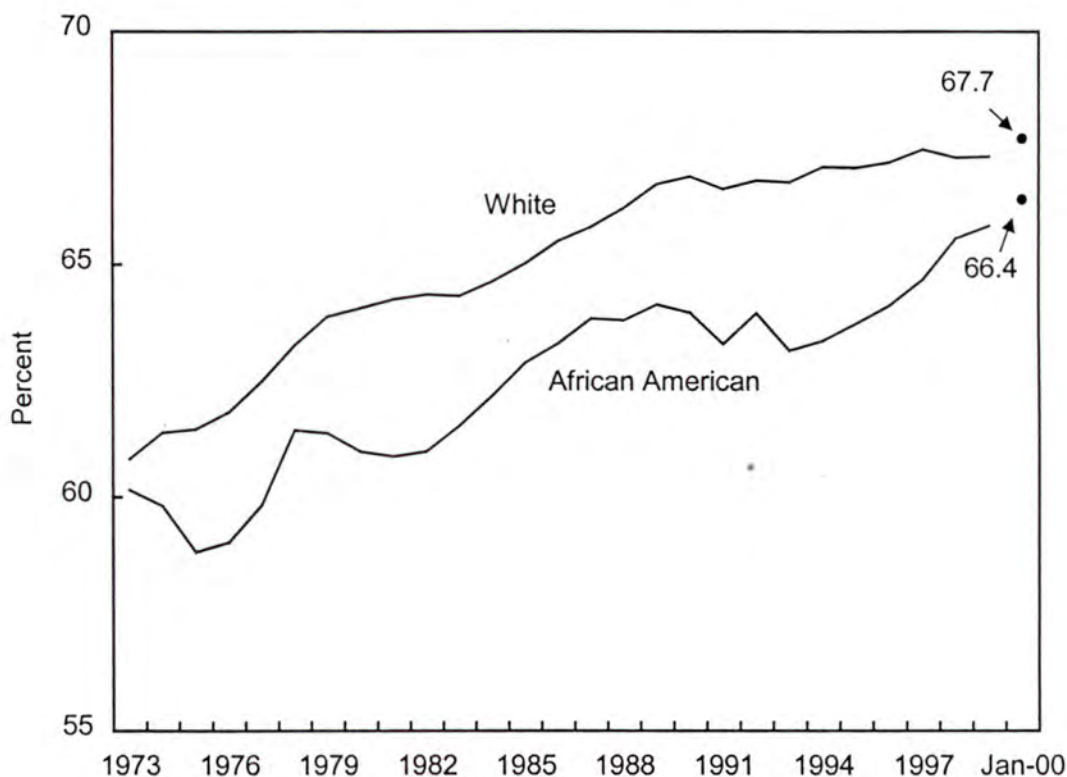
Bailey

Podesta

(entire report)

CHART OF THE WEEK

Labor Force Participation Rate, Aged 16 and Over



The labor force participation rate of African Americans has been lower than that of whites and has shown greater variability through time. However, gains in African American labor force participation in this expansion have narrowed the gap to the smallest it has been since 1973.

CONTENTS

MACROECONOMIC UPDATE

Still Going Strong.....	1
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SPECIAL ANALYSIS

Debt Paydown, the Bond Market, and the Economy	3
--	---

ARTICLE

Recent Changes in Family Finances	5
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DEPARTMENTS

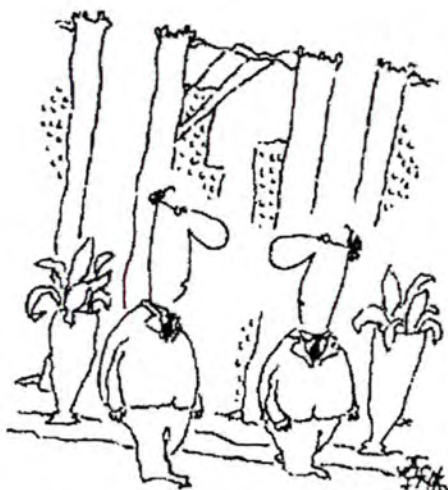
Business, Consumer, and Regional Roundup	7
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International Roundup	8
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Releases.....	9
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U.S. Economic Statistics.....	10
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Financial and International Statistics	11
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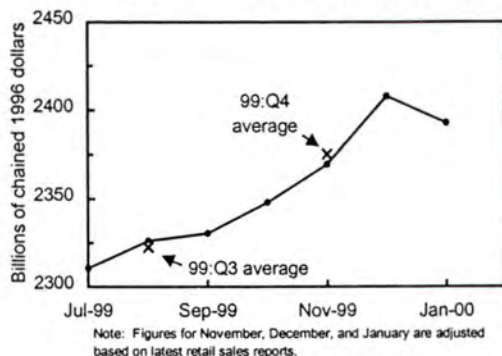
"I'd really like to fire that terrible new advisor, but he keeps advising me not to."

MACROECONOMIC UPDATE

Still Going Strong

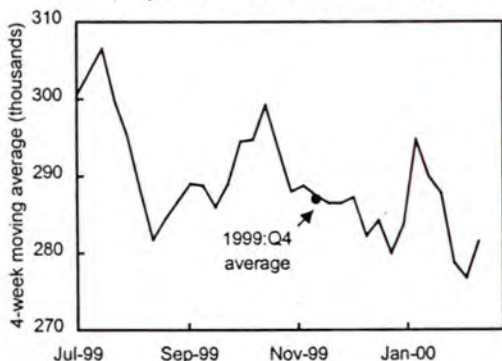
Large gains in industrial production and production-worker hours point to the first quarter being another of solid growth. Y2K effects altered the monthly pattern of activity around the turn of the year but are likely to have limited effects on the quarter. Growth in real GDP in the fourth quarter, estimated at 5.8 percent in the advance report, is likely to be revised up to about 6½ percent at an annual rate.

Goods Consumption Less Motor Vehicles



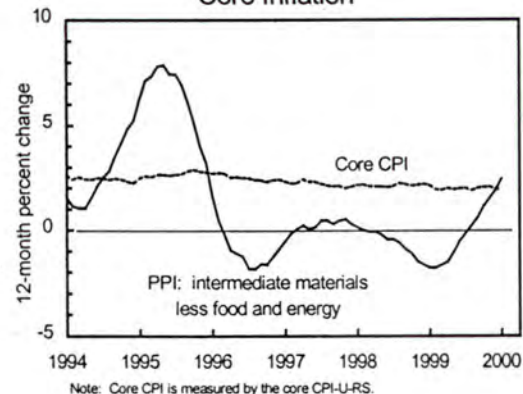
Sales. Y2K effects were clear in retail sales. Real consumption of goods excluding motor vehicles rose sharply in November and December, and then declined in January (see upper chart). The swing was pronounced for sales at grocery, drug, jewelry, and furniture stores. Despite the drop, real sales of non-auto goods in January remained well above the fourth-quarter level.

Unemployment Insurance Initial Claims



Y2K and inventories. Inventory accumulation, which added 1.2 percentage points to real GDP growth in the fourth quarter, may have been boosted by the desire to buffer production against Y2K disruptions. No data are yet available for the first quarter, but a drop in stockbuilding is likely.

Core Inflation



Other indicators. Indicators that were not obviously affected by Y2K are uniformly strong. Housing starts were up sharply in December and posted a further gain in January. Motor vehicles sold at a strong 17¾ million unit annual rate in January. Payroll employment increased 387,000 in January. And initial claims for unemployment insurance for the 4 weeks ending in mid-February stayed below the fourth-quarter level, indicating continuing strong demand for labor (see middle chart).

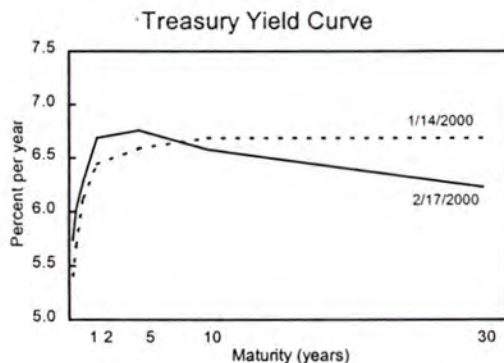
Inflation. Prices of commodities and intermediate goods (especially petroleum products) have accelerated sharply—likely reflecting the strength of the world economy. But core consumer prices remain low and stable in the face of the price acceleration at the earlier stages of processing (see lower chart on previous page). Labor costs outweigh all other production costs, and these have been contained by the stunning growth of productivity—which now appears to have grown in excess of 5 percent at an annual rate in the second half of 1999.

SPECIAL ANALYSIS

Debt Paydown, the Bond Market, and the Economy

Yields on Treasury bonds have dropped below yields on short- and intermediate-duration Treasury securities. Such an “inversion” of the yield curve usually is associated with a tightening of monetary policy and the possibility of an economic downturn. In this case, however, part of the explanation lies in the market's response to a future of declining public debt, and the macroeconomic impact so far looks to be small.

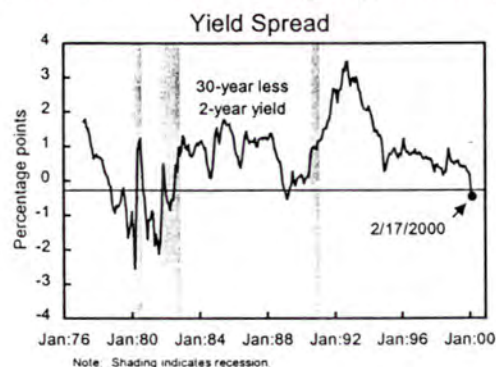
An inverted yield curve. Since mid-January, yields on 1-to-5-year Treasury securities have increased about 25 basis points, reflecting heightened concerns that the continued strength of the economy would cause the Fed to tighten further.



Normally, Fed tightening causes long-term yields to rise, but by less than short-term rates, because the market expects the tightening to be temporary. In fact, however, yields on 30-year Treasury bonds have fallen about 50 basis points. These opposite movements have inverted the usually upward-sloping yield curve (see upper chart). The current inversion is atypical in that much of the action is occurring at the long end of the yield

curve rather than the short end, as would be the case if the cause were entirely a tightening of monetary policy.

Supply and demand? Changes in inflationary expectations, monetary policy, and risk factors do not appear to explain fully this sharp downturn in long-term Treasury bond yields. Instead, the decline appears to be related to anticipated reductions in the relative supply of these securities. Recent fiscal projections may have focused investors' attention on the implications for debt management of growing surpluses, and in particular the future reduction in the supply of Treasury notes and bonds. Ongoing volatility in Treasury bond yields suggests that



markets are still digesting the implications of reduced debt. While it is unclear whether the downward slope of the yield curve will persist, it is interesting to note that the yield curve in the United Kingdom is likewise inverted—resulting from shifts in supply and institutional demand—and that this condition has persisted for over 6 months.

Does this matter for the economy? Yield-curve inversions occurring because of restrictive monetary policy are often associated with the onset of a recession (see lower chart on previous page). In contrast, the flattening of the yield curve in 1997 resulted from a drop in long-term yields, not a rise in short-term rates, and economic growth continued to be robust in the following 2 years. Although expectations of a policy tightening have contributed to the current inversion of the yield curve, an additional cause has been the sharp decline in long-term yields, suggesting that monetary policy is not so tight as is implied by the slope of the yield curve. The fall in long-term Treasury yields does not look to have much effect on private spending, either. Thus far, there appears to have been little passthrough to private borrowing rates.

Conclusion. Recent declines in long-term Treasury bond yields appear to be related to expected reductions in the supply of these securities in an era of expanding Federal Government surpluses. So far, the macroeconomic implications of the fall in Treasury bond yields appear to be small.

02-21-00

ARTICLE**Recent Changes in Family Finances**

As discussed last week, aggregate household debt and debt service payments have been rising faster than disposable personal income in recent years. Recent evidence suggests, however, that for most families assets have been growing even faster than debt.

The SCF. The main source of data on how financial conditions vary among families is the Federal Reserve's Survey of Consumer Finances (SCF), a survey of about 4,300 families that is conducted every 3 years, most recently in 1998. Because wealth is highly concentrated, the SCF oversamples relatively wealthy households in order to get more statistically reliable estimates of the pattern of wealth holdings. However, it explicitly excludes members of the *Forbes* 400 list of the wealthiest Americans as well as a few very famous people.

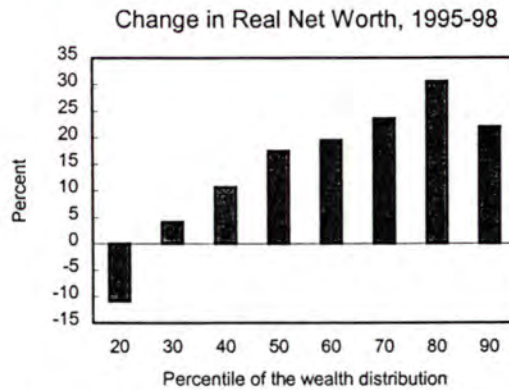
Changes in net worth. A recent Fed analysis of the latest SCF indicates that net worth—the difference between gross assets and liabilities—grew strongly between 1995 and 1998. Real median net worth rose 18 percent, to \$71,600. This is 20 percent higher than in 1989, the last full year of the previous economic expansion. Mean net worth, which is more sensitive to the size of the gains in the upper part of the distribution, rose 26 percent between 1995 and 1998, to \$282,500. Because some of this gain represented a recovery from a decline in mean net worth between 1989 and 1992, mean net worth in 1998 was also about 20 percent higher than it was in 1989.

Variation by income. The Fed analysis reports that these increases in net worth were broadly shared by different demographic groups, though not by all. In general, older, higher-income, and better-educated families had the largest gains. In terms of levels, 1998 median net worth ranged between \$3,600 for families with income below \$10,000 and \$510,800 for families with incomes of \$100,000 or more. Mean net worth was considerably higher in each group. Even in the lowest income category, mean net worth was \$40,000—more than 10 times the median, suggesting that even among those with low incomes some proportion of families have substantial net worth relative to their income.

Variation by race. The study reports on just two categories, white non-Hispanics and all others. Levels and changes in the first group closely track those of the population as a whole. For the others, mean net worth increased almost as rapidly as for all families between 1995 and 1998, but the median actually fell slightly. This sharp divergence between the median and the mean suggests considerable variability in the recent changes experienced by non-white and Hispanic families. Since 1989, by contrast, mean and median net worth grew substantially more rapidly for these minorities than for white non-Hispanics. Nevertheless, the median net worth of white, non-Hispanic families was \$94,900 in 1998, or almost six times the \$16,400 of minority families.

02-11-00

The distribution of wealth. Wealth is distributed much more unevenly than income. In 1998, the wealthiest 10 percent of families held more than two-thirds of all wealth, and the top 0.5 percent held more than a quarter. (In the distribution of household income, by contrast, the highest income fifth received about half of aggregate income and the top 5 percent received 21 percent.) Unpublished Fed



estimates show a small increase in the Gini measure of wealth inequality between 1995 and 1998, but one that is within the range of sampling error. Nevertheless, these data also show that larger percentage gains in real net worth occurred at the wealthier end of the distribution (see chart). In the wealthiest 10 percent of families, stocks and privately held businesses were the most important sources of gains and

debt was relatively unimportant. In the rest of the distribution a variety of assets, including principal residences and stocks, were important. In this group, increases in debt offset about a quarter of the rise in assets.

Conclusion. Survey data on family finances show that recent rapid increases in net worth relative to income have been broadly shared. Nevertheless, the extraordinary gains in the stock market appear to have contributed to larger gains among families that in many cases were already well-off.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Teens Respond to Cigarette Price Hikes. An increase in the price of cigarettes has a negative impact on older teenagers' decision to smoke, indicating that raising cigarette taxes may be an effective policy to decrease youth smoking, according to a recent study. Sharp price reductions for cigarettes in the early 1990s were found to account for 30 percent of the increase in youth smoking between 1991 and 1997. Moreover, teens from traditionally socioeconomically disadvantaged groups, such as African Americans and children of less-educated parents, were found to be particularly price sensitive. In contrast, younger teens were not sensitive to price (either in their decision to smoke or in the amount they smoked), indicating that younger teenagers smoke for non-economic reasons such as experimentation or acceptance by peers. Non-price policies were found to have a mixed impact on youth smoking. There is some suggestion that laws which restrict youth access to tobacco products reduce the amount that teens smoke but do not affect their decision to smoke. In addition, the study finds little consistent evidence that clean air regulations matter for youth smoking decisions.

Malpractice Reform Increases Productivity with No Harm to Health.

Reforms of medical malpractice liability law designed to reduce the level of compensation to potential claimants improve medical productivity by reducing hospital expenditures without harming patients' health, according to a recent study. Moreover, other policies that reduce non-financial costs to the doctor, such as the time spent and the amount of conflict involved in defending against a claim, may also substantially reduce hospital expenditures. The study found that malpractice pressure leads to highly significant increases in hospital expenditures by encouraging doctors to practice "defensive medicine." A 1 percentage point decrease in a physician's probability of defending against a malpractice claim in a given year results in a 2 to 3 percent decrease in real expenditures. Moreover, these changes in medical practice induced by changes in malpractice pressure do not have systematic or substantial effects on patient health outcomes, at least for the elderly heart-disease patients that were studied.

Trapped in Poor Neighborhoods? A recent study estimates that while over one-third of poor African Americans will live in a high poverty neighborhood for at least 1 year out of 10, most will not stay long. Only 7 percent will live in such a neighborhood for 10 or more consecutive years. Although only a small percentage of those who ever live in a poor neighborhood stay a long time, those who do make up the bulk of residents at any moment in time. In the study, more than three-quarters of residents in high poverty neighborhoods at any given time will likely be there for more than 10 years, and over 50 percent for more than 20 years. Moreover, many of those who do "escape" are likely to return; 40 percent of poor African Americans who leave such neighborhoods will return to one within 5 years, nearly 50 percent within 10 years. This result suggests that, for many poor African Americans, the most difficult part of escaping from high poverty neighborhoods is not moving out at a point in time, but staying out for a long duration.

02-21-00

INTERNATIONAL ROUNDUP

Investment in the Internet for the Developing World. In a major initiative intended to promote the digital economy in the developing world, The World Bank's International Finance Corporation (IFC) has joined with the Japanese Internet company SOFTBANK to invest in Internet businesses in about 100 developing countries. The new venture, called SOFTBANK Emerging Markets (SBEM), will commit \$500 million to global Internet development. SBEM will invest seed money in new Internet enterprises and provide an array of technological, legal, and management support to help turn ideas into solid businesses. The initiative will seek to improve Internet access in targeted countries by generating investor interest in emerging markets, which should help lower the price of Internet access and increase the number of subscribers. It will also promote free or subsidized Internet service to schools and other educational institutions.

Development Assistance Rises in the OECD. After more than 5 years of continuous decline, net Official Development Assistance (ODA) by the 21 Development Assistance Committee (DAC) countries of the OECD rose in 1998 by nearly 10 percent in real terms, to \$52 billion. Over 60 percent of this increase was accounted for by jumps in bilateral loans and emergency and distress relief. Despite this increase, the ratio of ODA relative to income in the DAC has fallen to 0.25 percent, well below the 0.33 percent average maintained in the 1970s and 1980s. The United States, which gave nearly \$9 billion in 1998, was the second largest net donor of ODA; however, it devoted just 0.10 percent of its GNP to ODA, the lowest in the DAC. About half of total ODA in 1998 went toward education, health, and other social and economic infrastructure, with debt relief accounting for 9 percent.

Multinationals Cautiously Optimistic about Investment in Africa. A recent survey of 63 of the world's largest multinational firms by the International Chamber of Commerce and the United Nations Conference on Trade and Development reveals that companies are generally optimistic about investment opportunities in Africa. One-third of firms surveyed expect to increase investment in Africa over the next 3 to 5 years, while more than half expect their investment to remain at present levels. Only 6 percent plan to decrease their investment or pull out of Africa altogether. The growth and size of local markets and the profitability of FDI were the most commonly cited factors influencing investment positively, while the prevalence of bribery was by far the most cited discouraging factor. South Africa was the most attractive country for FDI in Africa, followed by Egypt, Morocco, and Nigeria. Several least developed countries, including Ethiopia, Mozambique, Uganda, and Tanzania, were among the nations expected to make the most progress in creating a business-friendly environment and thus were also seen as attractive destinations for FDI.

RELEASES THIS WEEK

U.S. International Trade in Goods and Services

****Embargoed until 8:30 a.m., Friday, February 18, 2000****

The goods and services trade deficit declined to \$25.5 billion in December from \$27.1 billion in November. For 1999, the goods and services trade deficit was \$271.3 billion; for 1998, the deficit was \$164.3 billion.

Consumer Price Index

****Embargoed until 8:30 a.m., Friday, February 18, 2000****

The consumer price index rose 0.2 percent in January. Excluding food and energy, consumer prices also rose 0.2 percent.

Producer Price Index

The producer price index for finished goods was unchanged in January. Excluding food and energy, producer prices fell 0.2 percent.

Housing Starts

Housing starts rose 2 percent in January to 1.775 million units at an annual rate.

Industrial Production and Capacity Utilization

The Federal Reserve's index of industrial production increased 1.0 percent in January. Capacity utilization rose 0.5 percentage point to 81.6 percent.

MAJOR RELEASES NEXT WEEK

Advance Durable Shipments and Orders (Thursday)
Gross Domestic Product (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1999	1999:2	1999:3	1999:4
Percent growth (annual rate)					
Real GDP (chain-type)	3.0	4.2	1.9	5.7	5.8
GDP chain-type price index	5.2	1.6	1.3	1.1	2.0
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.7	3.3	0.6	5.0	5.0
Real compensation per hour:					
Using CPI	1.0	1.8	1.2	2.0	1.1
Using NFB deflator	1.5	2.9	2.9	4.0	1.8
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.6	12.6	12.7	12.5
Residential investment	4.5	4.4	4.5	4.4	4.4
Exports	8.2	10.8	10.7	10.8	10.9
Imports	9.2	13.5	13.4	13.8	14.1
Personal saving	6.6	1.7	1.8	1.5	1.4
Federal surplus	-2.8	N.A.	1.3	1.4	N.A.
	1970- 1993	1999	November 1999	December 1999	January 2000
Unemployment Rate (percent)	6.7**	4.2**	4.1	4.1	4.0
Payroll employment (thousands)					
increase per month			257	316	387
increase since Jan. 1993					20790
Inflation (percent per period)					
CPI	5.8	2.7	0.2	0.2	0.2
PPI-Finished goods	5.0	3.0	0.2	0.1	0.0

**Figures beginning 1994 are not comparable with earlier data.

New or revised data in **boldface**.

CPI data **embargoed until 8:30 a.m., Friday, February 18, 2000.**

FINANCIAL STATISTICS

	1998	1999	December 1999	January 2000	Feb. 17, 2000
Dow-Jones Industrial Average	8626	10465	11246	11281	10515
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.20	5.32	5.57
10-year T-bond	5.26	5.65	6.28	6.66	6.58
Mortgage rate, 30-year fixed	6.94	7.43	7.91	8.21	8.38
Prime rate	8.35	8.00	8.50	8.50	8.75

INTERNATIONAL STATISTICS

Exchange Rates	Current level	Percent Change from	
	February 17, 2000	Week ago	Year ago
Euro (in U.S. dollars)	0.986	-0.0	-12.2
Yen (per U.S. dollar)	110.3	1.4	-7.4
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	95.38	0.4	1.9

International Comparisons ^{1/}	Real GDP growth	Unemployment rate	CPI inflation
	(percent change last 4 quarters)	(percent)	(percent change in index last 12 months)
United States	4.2 (Q4)	4.0 (Jan)	2.7 (Jan)
Canada	4.2 (Q3)	6.9 (Dec)	2.6 (Dec)
Japan	1.0 (Q3)	4.6 (Nov)	-1.1 (Dec)
France	2.9 (Q3)	10.4 (Dec)	1.3 (Dec)
Germany	1.3 (Q3)	8.8 (Dec) ^{2/}	1.2 (Dec)
Italy	1.2 (Q3)	12.1 (Apr)	2.1 (Dec)
United Kingdom	1.8 (Q3)	5.9 (Oct)	1.8 (Dec)

U.S. CPI data **embargoed until 8:30 a.m., Friday, February 18, 2000.**

^{1/} For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics.

^{2/} Rate for unified Germany.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

02-21-00

February 18, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORT

(entire report)

Digital Divide and the NBA: Last weekend in San Francisco, I participated in an NBA forum on the Digital Divide and had a lengthy discussion with John Doerr and Roberta Katz of TechNet. An important point made at the NBA forum was the need to "motivate" young people to learn how to use computers and the Internet. It was noted that young people don't know that Latrell Sprewell and Shaquille O'Neal spend hours a day on the Internet. Developing PSAs showing sports and entertainment stars using the Internet was seen as important to help spread this word. Magic Johnson felt that young African American kids have money for what they feel is most important -- the question is can we convince them that computers and Internet access should be at the top of their list? Also, Steve Smith of the Portland Trailblazers is very committed to Community Technology Centers and would like to help. I will continue to work with these and other NBA contacts.

National Call to Action on the Digital Divide: One idea we have been working on is to precede our April Digital Divide trip with a Call to Action. We are developing a paper that puts forward two national goals. The first goal is to provide all schools with (1) equipment; (2) wiring; (3) teacher training; and (4) content and application. The second goal is to ensure that all families have access to computer and the Internet at home, through Community Technology Centers, or at work. The paper also gives examples of efforts companies and groups can make to help achieve these goals. We would seek to get high-tech CEOs, the AFT, non-profits and other groups to sign on to this call to action and make a commitment to kick the effort off with you on March 16. This would give greater purpose to the trip. We could also potentially call for a National Day" that would go beyond just wiring and would mobilize a sustained commitment for a more comprehensive approach to bridging the digital divide.

IMF Managing Director: On Monday, France indicated that it would probably not block the candidacy of the German Cio Koch-Weser. The Germans have seized on this announcement as evidence that they have unified (if tepid) European support for their man and are trying now with some difficulty to line up support from developing nations. Treasury still has serious concerns about this candidate's suitability for the job and we are trying to schedule a meeting or phone call with you to discuss this further. A European Ecofin meeting of finance ministers on February 28 may be a date when the Germans try to sew up a deal, so if we want to take any blocking action we would need to come to a decision in the next few days.

Small Business Liability Reform: On Wednesday, the House passed H.R. 2236, the Small Business Liability Reform Act of 2000, by a vote of 222-193. For "small businesses," the bill would establish federal standards for the award of punitive damages, and prohibit joint and several liability. Small businesses are defined as firms with less than 25 employees, without regard to the firms' revenues. The bill would also limit the liability of product sellers regardless of the retailers' size. Our SAP indicated that your Senior Advisors would recommend that you veto the bill. The night before the vote, Speaker Hastert wrote to you quoting from a statement from Mike McCurry defending the agreement we reached with Senator Rockefeller in 1998 to cap small business punitive damages. The Rockefeller bill is clearly distinguishable from H.R. 2236: (1) the definition of small business in Rockefeller was limited to firms with \$5 million in revenues; (2) the Rockefeller bill was limited to product liability actions (this bill covers all civil actions, including medical malpractice and contracts); and (3) the Rockefeller bill contained no limits on joint and several liability. Despite the Hastert letter, there was no discussion of the Administration's prior support for the Rockefeller bill on the floor. Senator Abraham has asked for the bill to be marked up in the Senate but it is unclear whether it will make it to the Senate floor.

Oil Prices: The release of the remaining LIHEAP emergency funds on Wednesday was well received, although there were some renewed calls for release of oil from the strategic reserve. On Thursday, however, consistent with our current position, Chairman Greenspan opposed use of the strategic reserve in order to reduce prices, noting that "it's foolishness to believe that we could have any significant impact [on the price of oil], short of a very major liquidation short-term of that reserve." By the end of the week, oil prices dropped below \$30 a barrel, based in part on reports that key OPEC producers were increasingly amenable to increasing production quotas. Secretary Richardson will be in Mexico on Saturday, Feb. 19 and in the Middle East next week to meet with his counterpart energy ministers (Kuwait on Thursday and Saudi Arabia on Friday). DOE has begun the study on conversion to other fuels in the Northeast.

Foreign Sales Corporation: Issue is the WTO Panel ruling that the tax breaks we provide to foreign sales corporations constitute a WTO-illegal export subsidy. The implications dwarf those arising from beef and bananas. Treasury estimates the tax break will amount to approximately \$4.16 billion for 2001 and \$4.46 billion for 2002, and they go to companies involved in the export of goods across a variety of sectors. While there is a possibility the Appellate Body will significantly modify the original panel's ruling, this is unlikely. Rather, we are likely to be presented, as early as February 24, with an adverse ruling affecting the majority of the Fortune 100 companies at the same time we are seeking business support for Africa/CBI, China NTR, and the Section 125 congressional vote on whether to remain in the WTO. Deputies have yet to come up with a magic bullet, but we will be meeting early next week on strategies to address problem.

US-UK Aviation: In a February 8 telephone call with PM Blair, you asked him to look at whether the U.S.-UK aviation agreement could be liberalized. Blair responded in a February 11 letter with a specific, three-part proposal. However, Blair's proposal was largely one that U.S. negotiators had rejected a week earlier. (Although the proposal would restore direct service from Pittsburgh to London, Gatwick, it would do nothing to open up service between the U.S. and Heathrow. Moreover, the proposal was contingent on U.S. approval of two regulatory (code-share) applications, one of which (from American Airlines and British Airways) raises genuine competition concerns.) We have told the UK informally that the proposal is unacceptable, and will communicate that formally as well. And I will meet on Tuesday (Feb. 22) with UK Ambassador Meyer, primarily to discuss this issue. This issue may continue to heat up. The House held a hearing this week on US-UK aviation and expressed considerable frustration with continued protectionism by British Airways and, in turn, the UK government.

02-21-00

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THE WHITE HOUSE

WASHINGTON

February 18, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. **T.M.**
KRIS M. BALDERSTON

SUBJECT: Summary of Cabinet Weekly Reports
February 12 - 18, 2000

Copied
Marshall
Balderston
Podesta

(entire report)
p. 3 Johnson
p. 11 Street

DEPARTMENT OF TREASURY

- **IMF Reform:** On February 29, Secretary Summers will testify before the Senate Foreign Relations Committee. His testimony is expected to cover issues ranging from the status of efforts to strengthen and reform the International Monetary Fund to the early stages of implementing the revised Heavily Indebted Poor Countries' Initiative.
- **Retirement Savings Accounts (RSAs):** Treasury has been meeting with a number of Congressional offices and industry groups to respond to inquiries about RSA provisions in the FY2001 Budget. RSAs would provide progressive matches to individual contributions made by eligible taxpayers to a 401(k)-type retirement plan or financial institution account. This RSA match would supplement any employer matching contributions, and would be provided whether or not the employer offers matching contributions under its 401(k)-type plan. Reaction to the RSA provisions has been generally favorable, however, some questions have been raised regarding the mechanics of delivery, the verification of eligibility, rules for withdrawal of the earnings and privacy concerns.
- **General Counterdrug Intelligence Plan:** On February 14, Under Secretary for Enforcement Johnson participated, along with Attorney General Reno, Transportation Secretary Slater, Deputy Director of Central Intelligence Gordon, and ONDCP Director McCaffrey in the unveiling of the Administration's General Counterdrug Intelligence Plan, which was developed in response to Congressional mandates to review the national counterdrug intelligence architecture. The Plan represents a blueprint to improve intelligence sharing activities among intelligence, law enforcement, and interdiction agencies.

- **BusinessLINC:** Treasury has begun consulting with Native American tribal leaders on adapting the BusinessLINC program to Native American communities. Key issues to be resolved include identifying the kinds of business-to-business relationships that would be most beneficial to reservation economies and how to organize the effort to assist the small, widely dispersed, and very poor Native American communities.
- **Medicare:** The interagency Medicare group, which includes Treasury senior officials, is currently engaged in three tasks: 1) reviewing the outstanding technical issues in the legislative language for the Administration's proposal; 2) developing specific parameters for a catastrophic drug benefit that would fit within the reserve established in the Budget; and 3) meeting with Congressional staff to discuss the details of the Administration and other Medicare proposals.
- **Southwest Border Task Force:** On April 15, the annual report of your Southwest Border Task Force is due to the Vice President. Treasury and the White House Office of Intergovernmental Affairs are meeting weekly with the Task Force working group to discuss the framework of the report, which will analyze the results of on-going public forums, assess emerging policy options, and advance the architecture of Southwest Border pilot programs. Three public forums of the Task Force took place in Calexico, California, and McAllen and Eagle Pass, TX in the last three weeks.

DEPARTMENT OF JUSTICE

- **Ski Gondola Victims:** On February 8, a Federal District Court (E.D.NC) entered an opinion and order dismissing all claims brought by survivors of five Belgian decedents killed in the February 1998 collision of a Marine Corps jet with a ski gondola cable near Cavalese, Italy. Plaintiffs had urged that they were entitled to pursue claims of U.S.-based "headquarters" negligence under the Federal Tort Claims Act (FTCA) here despite the provisions of the NATO SOFA agreement, which provide that claims be finally and exclusively adjudicated in Italy. The court agreed with the government that the NATO SOFA treaty was an exclusive remedy that displaced any arguable FTCA claim, and then went on to hold that the claims would fail under the FTCA because of the foreign country exception.
- **Juveniles Facilities in Puerto Rico:** On February 7, a magistrate judge held an emergency hearing regarding allegations of failure to prevent juvenile-on-juvenile violence, extensive fire safety violations, and other violations of a consent decree at two PR juvenile facilities operated by one private provider. The magistrate ordered the juveniles transferred to other facilities within the system. Initially, the private provider refused to allow Puerto Rican officials access to the facilities. He then released into the community all of the juveniles that were being held. All but 20 of the released juveniles have been taken back into custody and transferred to other facilities.

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- **Morgan County, TN, Jail Conditions:** On February 10, DOJ filed a lawsuit against Morgan County, TN, alleging unconstitutional conditions in the Morgan County jail. The jail's lack of basic administrative systems, coupled with a lack of staff and staff training, have resulted in escapes, suicide attempts, and sexual assault and harassment of female inmates by jail staff and male inmates.

Computer Pirate Charged with Copyright Infringement: On February 3, in the N.D. IL, an individual was arrested by the FBI and charged with conspiracy to infringe the copyright of thousands of computer software programs available through a hidden Internet site operated by a sophisticated organization of software pirates known as "Pirates with Attitudes," or PWA. The defendant was identified as a "council member" of PWA, which disseminates bootleg copies of software, including Microsoft Office 2000 Premium and Microsoft Windows 2000, that are not commercially available. FBI agents in Chicago were able to identify the PWA site, known as 'Sentinel,' an Internet site that was available only to authorized users who could upload and download programs similar to a barter system.

- **Pretrial Preparations in Pan Am 103 Case:** On February 2, the Scottish High Court convened a hearing to prepare for the trial of the Libyan defendants charged with the bombing of Pan Am Flight 103 over Lockerbie, Scotland. The Court sat in Edinburgh, Scotland, rather than in the Netherlands, because the defendants had waived their right to be present. The Court considered the extent to which past and present intelligence officers would be able to disguise their physical appearance while testifying at trial. The trial date of May 3 was reaffirmed by the Court.
- **Racial Profiling Conference:** On February 17, DOT will hold a meeting with law enforcement, civil rights, and community representatives on racial profiling and data collection. This is a follow-up to the Attorney General's June 1999 conference on Strengthening Police-Community Relationships.
- **DNA Crime Laboratory Publication:** On February 18, DOJ is expected to publish *Survey of DNA Crime Laboratories, 1998*. The survey includes questions about each lab's budget, personnel, workloads and procedures. At the end of 1997, 69 percent of DNA labs had a backlog totaling 6,800 known subject cases and 287,000 convicted offenders samples.

Conflict Resolution Publication: On or around February 24, the Bureau of Justice Assistance (BJA) is expected to publish *Chelsea, Massachusetts: A City Helps Its Diverse People Get Along*. This practitioner perspectives bulletin examines the impact of a BJA-funded program that uses a civilian-staffed conflict intervention unit to reduce police responses to noncriminal, quality of life disputes. The bulletin concludes that such a unit can raise the quality of life in densely populated, ethnically diverse neighborhoods.

- **Criminal Records Improvement Publication:** On or about February 21, DOJ is expected to release *Continuing Criminal History Records Improvement Evaluation: Final 1994-98 Report*. This document reviews state improvement of criminal records, including upgrading accuracy and completeness, automation, implementation of positive identification procedures, and procedures for firearm background check inquiries.
- **Juvenile Justice Publications:** In late February, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) will publish three Youth in Action Bulletins: *Making the Most of Your Presentation*, *Working With the Media*, and *Want To Resolve a Dispute? Try Mediation*. The bulletins are written by youth for youth. Also in late February, OJJDP is expected to publish *From the Courthouse to the Schoolhouse: Making Successful Transition*. The bulletin discusses the importance of improving communication and developing partnership among public and private youth-serving agencies to provide a continuum of treatment and aftercare services for juvenile offenders and their families. In late February, OJJDP will release *Cuando su Niño desaparece: Una guía para la supervivencia de la familia*. This document is the Spanish translation of OJJDP's popular publication *When Your Child is Missing: A Family Survival Guide*. The guide was written by parents who have experienced the trauma of a missing child and provides firsthand insights into what families should do and expect when their children are missing.

DEPARTMENT OF INTERIOR

- **Easing Guam Land Transfers:** DOI is proposing legislation to clarify the process under which the Federal Government transfers excess real property to the Government of Guam. The Federal Government has owned approximately one-third of Guam since World War II fighting resulted in vast areas being used for military purposes. The proposed measure calls for any lands transferred to be subject to all applicable Federal laws, including the Endangered Species Act of 1973. The Government of Guam would be required to pay, under the measure, for lands not used for public purposes at a rate established by the measure.
- **Ground Breaking for Brawley Wetlands Project (CA):** On February 26, Senator Feinstein, Representatives Duncan Hunter and Mary Bono, BOR's Lower CO Regional Director, and other Federal, State and local representatives will participate in a groundbreaking ceremony for the Brawley Wetlands Project, a project of the Citizens Congressional Task Force on the New River. The wetlands will be constructed on a 7-acre site near Brawley, CA, and a 68-acre site near Imperial, CA. The wetlands will help reduce contaminants and also provide wildlife habitat.

- **AK Avalanche:** FWS and other agencies have been coordinating on the extremely severe avalanche conditions in South Central AK. FWS has forwarded information to all employees in AK and has offered assistance to the AK National Guard and State Troopers in case help is needed. Concerns remain high about the potential for new avalanches once Seward Highway is opened and traffic resumes. The weather forecast is for more snow. Governor Knowles has made a State Disaster Declaration.
- **Commemoration of Selma to Montgomery March:** On March 5, Secretary Babbitt, Director Stanton, and the leadership of NPS will participate in the 35th Anniversary Commemoration of Bloody Sunday on the Edmund Pettus Bridge in Selma, AL. Pursuant to 1996 legislation, NPS manages the Selma to Montgomery National Historic Trail. The March 3-5 activities related to the commemoration of the march are sponsored primarily by the Faith and Politics Institute (founded by Rep. John Lewis), the Southern Christian Leadership Conference, and the National Voting Rights Museum.
- **BIA Applies for E-Rate Program:** BIA recently submitted an application for telecommunication funding to the national E-Rate Program. The E-Rate Program will provide substantial discounts on telecommunication services for BIA schools. BIA funded schools have been anxious to expand experience for students by offering options in the significant field of technology. Award of the E-Rate Program will provide Internet circuits which will extend to every classroom in BIA schools. The availability of circuits will be combined with satellite connectivity for schools that have no other high speed circuits available to them due to their remoteness.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Great Nutrition Debate:** On February 24, Secretary Glickman will host The Great Nutrition Debate. On hand to discuss approaches to dieting, nutrition and long-term health effects will be some of the nation's best-known weight-loss authors and nutrition experts.
- **Regulation on Irradiation:** Effective February 22, irradiation will be allowed for treating refrigerated or frozen uncooked meat, meat by-products, and certain other meat food products, subject to proper labeling.
- **Oilseed Program:** From February 28-March 31, USDA will conduct sign-ups for a \$475 million Oilseed Payment Program to aid farmers who grew soybeans, sunflowers, flaxseed, canola, rapeseed, safflower seed, mustard and crambe in 1999. According to USDA records, about 850,000 farms reported 1999 oilseed acreage, with the top oilseed producing states being IA, IL, IN, MN and SD.

- **Africa Trade Team Mission:** From January 25-February 5, Associate Administrator Patrick Steel of USDA's Foreign Agricultural Service led USDA's first-ever trade team mission to Africa. The 40-person trade team visited Morocco, Senegal, Ghana, and Nigeria to explore untapped commercial opportunities for U.S. agricultural and food products, and to address bilateral and WTO related issues.
- **Commodity Markets:** Wheat prices rose on optimistic export prospects and weather concerns. Strong exports and spillover support from wheat sent corn prices higher. Improved growing conditions in South America were balanced by strong export sales to leave soybean prices almost unchanged for the week. Robust export sales sent rice futures up, but cash price were unchanged. Cotton prices fell slightly, along with loan deficiency payments and the Step 2 payment rate. Higher beef prices held cash cattle prices up early last week, but an increase in the quantity of beef grading choice led futures down. Hog prices dropped as marketings increased following last week's weather problems. Broiler prices rose despite continued heavy production. Cheese held just above the support price. Butter prices dropped sharply as churning schedules remain active.
- **Farm Debt Decline:** On February 28, the Economic Research Service (ERS) will release the summary of the *Agricultural Income & Finance* report; which shows that despite low commodity prices which hurt farm operating incomes, financial institutions continue to enjoy improved conditions, reflecting both the generally healthy state of farmer finances before commodity prices declined, and high levels of Federal assistance to the farm sector (\$22.7 billion in 1999). Total outstanding farm debt declined slightly in 1999, to \$172.8 billion at year's end, after 6 consecutive years of growth, and the outlook for 2000 indicates a continued modest decline. Commercial banks hold 40 percent of outstanding farm business debt, making them the leading agricultural lender, followed by the Farm Credit System with 27 percent.

DEPARTMENT OF COMMERCE

- **Baldrige Awards Ceremony:** On February 25, you and Secretary Daley will present the 1999 Malcolm Baldrige National Quality Award winners with their awards in a public ceremony. The award winners were two manufacturers (STMicroelectronics and Sunny Fresh Foods) and two service companies (BI and Ritz-Carlton Hotels).
- **Global Positioning System (GPS) Study:** The National Telecommunications and Information Administration is finalizing the Summary Plan for a potential GPS Harmonization Study. The study will examine ways to protect GPS bands from interference to GPS receivers used in aeronautical and terrestrial navigation, and precision surveying. The Summary Plan will be delivered to Senator Burns' staff for coordination with DOD, which is expected to support this research.

- **Critical Infrastructure Protection:** The recent denial of service attacks on E-commerce web sites has drawn attention to ongoing Critical Infrastructure Protection activities. Secretary Daley has invited major information and communications companies to join the National Partnership for Critical Infrastructure Security. The second government/industry partnership meeting will convene on February 22 at the U.S. Chamber of Commerce.
- **Interagency Working Group on Cryptography:** On February 9, the Interagency Working Group (IWG) on Cryptography met for the first time since publication of the new encryption rules. The Bureau of Export Administration (BXA) discussed its implementation and experience with the regulation and the positive feedback from industry during BXA's Update West conference. Since publication, license applications have decreased by 60 percent, while classification requests for license exception eligibility have increased by 50 percent. Most of the new license applications are for exports of encryption products to foreign governments. The IWG also discussed the types of comments and questions agencies are receiving from industry representatives, and potential topics to update the U.S. encryption policy.

DEPARTMENT OF LABOR

- **Youth Opportunity Grants:** On February 23rd Secretary Herman will announce the first \$250 million award of a five-year, \$1 billion investment in Youth Opportunity Grants authorized by the Workforce Investment Act of 1998. The Youth Opportunity Grants are aimed at increasing the long-term employment of youth who live in EZ/ECs and other high-poverty urban, rural and Native American communities. The 36 grant awards will range from \$4 million to \$11 million each and the projects will serve approximately 44,000 youth ages 14-21 in the first year of operation.
- **OSHA/ABC Partnership:** On February 14, OSHA and the Associated Building Contractors (ABC) entered into a partnership that will become the industry model for how OSHA works with ABC member construction contractors with exemplary safety records. OSHA area offices and ABC local chapters will be the key players in creating local partnerships that implement the provisions of this first-of-its-kind agreement. Under terms of the partnership, ABC will create a "platinum" level safety designation for select members. Platinum will be the highest in a four-step ABC program designed to recognize its safest contractors.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Gulf War Research Planning Conference:** On February 29, the Centers for Disease Control and Prevention (CDC) is expected to release the Gulf War Research Planning Conference Report. From February 28-March 2, 1999, CDC and HHS agencies brought

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together scientists, clinicians, veterans, veterans' service organizations, Congressional staff, and other interested parties to discuss and make recommendations regarding future research on undiagnosed illnesses among Gulf War veterans and the illnesses' association with multiple chemical and environmental exposures.

- **Prescription Drug Information:** On February 29 and March 1, FDA will host a public meeting to discuss a study on the status of useful written prescription drug information for patients. In 1996, Congress directed the Secretary to facilitate the development of a long-range action plan to provide quality prescription drug information to patients through private-sector efforts. The "Action Plan for the Provision of Useful Prescription Medicine Information," developed by the Keystone Center in 1997 at the Secretary's request, specified that by the year 2000, useful information would be distributed to 75 percent of patients receiving new prescription medications, and by the year 2006, to 95 percent of those patients. The purpose of the upcoming meeting is to present the methodology and results of a study to collect and evaluate patient information data and seek feedback prior to developing an assessment of the year 2000 goals.
- **HIV/AIDS:** On February 24, the Health Resources and Services Administration's HIV/AIDS Bureau will host the live, interactive two-hour satellite presentation, "Highlights from the Seventh Conference on Retroviruses and Opportunistic Infections." Participants can view the videoconference from their own facility or go to a local institution registered as a downlink site.
- ✓ **Medicare + Choice HMO Extra Benefits:** During the week of February 21, the OIG will release a final inspection report on the influence of extra benefits on beneficiaries' decisions to join Medicare + Choice HMOs. Based on a survey of 600 recent Medicare + Choice enrollees, the OIG found that lower costs are more important than extra benefits. Once enrolled in an HMO, Medicare beneficiaries value prescription drugs, regular physicals, and vision benefits the most. The OIG also evaluated how well enrollees' understand their extra benefit coverage and found that they accurately report coverage of regular physicals but their understanding of other benefits is not as high. Finally, the OIG reviewed HMO marketing material descriptions of extra benefits coverage and found that, while generally easy to understand, sample HMO marketing materials vary greatly. The OIG recommend that the Health Care Financing Administration (HCFA) develop mechanisms to assure comparability of Medicare + Choice HMO plan costs and benefits.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Economic Development in Far Rockaway, NY:** Secretary Cuomo, joined by Congressman Gregory Meeks, announced \$600,000 in HUD assistance to stimulate business investment and job creation in Far Rockaway in Queens, NY. Secretary Cuomo said a combination of HUD Community Development Block Grant and HOPE VI

technical assistance will be used to develop a blueprint for downtown commercial area redevelopment, boosting retail and private investment in the economically depressed area. HUD is creating a HUD/Columbia University Economic Development Partnership to engage Far Rockaway residents in a concentrated economic development strategic planning process. The partnership with Columbia University will encourage residents to act as community advisors to the economic development team.

- **Gun Buybacks:** Under the gun buyback program, HUD funds will go to police departments to be used to buy back guns for a suggested price of \$50 each, either in cash or in the form of gift certificates for food, toys, or other goods. HUD will also provide funds to help administer the buybacks and to study the effectiveness of gun buyback programs, and could provide funding to more police departments in the future if the pilot initiative is expanded. The gun buyback initiative will continue throughout FY2000.
- **One America:** In 1998, Bonnie Jouhari worked at the Reading-Berks Human Relations Council in Reading, PA where she was also chairperson of the Hate Crimes Task Force for Berks County. During the last two years, Ms. Jouhari and her daughter, Danielle, have been plagued with threats to their lives. These threats have come from a white supremacy group in Berks County. Secretary Cuomo announced on Martin Luther King Day that charges were being brought against a hate group and its leader for violating the Fair Housing Act by making these death threats against the Jouharis on his Internet web site and in a television interview.
- **Housing Fraud, Long Island, NY:** A former employee of a homebuilder was arrested and charged with submitting false statements to HUD. An investigation of the builder and several mortgage bankers revealed that the builder, with the knowledge and participation of his sales people, closing attorneys, and mortgage bankers, staged gifts for buyers, created false and fraudulent documents to verify employment, and arranged side financing deals which were not disclosed to HUD. The employee admitted preparing bogus pay stubs, W-2s, verifications of employment, and gift documents, including checks and affidavits. HUD losses are expected to exceed \$6 million. The FBI, Postal Inspection Service, Treasury Inspector General for Tax Administration, and VA's OIG assisted HUD OIG in the investigation.

DEPARTMENT OF TRANSPORTATION

- **Travel to Asia:** On February 20, Secretary Slater will lead a six-day mission to Asia. The Secretary will meet with transportation counterparts and other government officials in Singapore, Hong Kong, Beijing, and Tokyo to discuss and promote transportation policies that will lead to a more integrated, safe, secure, and efficient Asia-Pacific transportation system.

- **Aircraft Jackscrew Inspections:** On February 10, in cooperation with the NTSB investigation of the Alaska Air Flight 261 accident, FAA issued an airworthiness directive requiring a visual inspection of the jackscrew assembly of the horizontal stabilizer on all DC-9, MD-90-30, 717-200 and MD-80 aircraft by February 14. As of late February 15, a total of 27 aircraft in the U.S. have been noted with a problem requiring corrective action or additional evaluation before being returned to service.
- **Y2K Leap Year Rollover:** On February 28-March 1, DOT's Research and Special Programs Administration will activate the DOT Crisis Management Center to monitor any transportation problems that may be associated with the leap year rollover.
- **Summit on Drugs, Driving and Youth:** On February 24, NHTSA and the International Association of Chiefs of Police will host the Law Enforcement Executives Summit on Drugs, Driving and Youth in Alexandria, VA. The summit will bring together state and federal resources to review which programs have been successful and determine future programs.
- **Ku Klux Klan Participation in MO Adopt-A-Highway Program:** During the week of February 7, representatives of the Ku Klux Klan picked up Adopt-A-Highway materials from the State of MO. On February 10, the State of MO reinstalled signs stating that the Klan has adopted the segment of highway, but, as was the case with the previously installed signs, the new signs disappeared overnight. Pending before the U.S. Court of Appeals for the Eighth Circuit is an appeal of a district court decision holding that the Klan has a First Amendment right to participate in the State's litter control program. The U.S. argued, as did DOT in their *amicus* brief, that there is a reasonable basis for Missouri's denial of the Klan's request to participate in the State litter control program, and that given the Klan's discriminatory membership practices its participation in the program would violate Title VI of the Civil Rights Act. DOT also urged that the act of picking up trash is not speech for purposes of the First Amendment, that "Adopt-A-Highway" roadside signs are speech by the State, not by the volunteer organization, and that an applicant's history of criminal or violent acts can form a neutral basis to deny participation.
- **Red Light Running Violations Down 60 Percent:** During the week of February 14, the Federal Highway Administration will release a report that shows that red light running violations decreased by as much as 60 percent at intersections where cameras automatically enforce the law. The report analyzed results of red light running camera programs in Los Angeles County; San Francisco; New York; Howard County, Md.; and Polk County, FL.

DEPARTMENT OF ENERGY

- Home Heating Oil:** On February 16, Secretary Richardson and the National Association of State Energy Officials hosted a Northeast Home Heating Oil Summit in Boston's Faneuil Hall. The summit, which included consumers, refiners, dealers, state officials, and Members of Congress, discussed the recent rise in heating oil and diesel fuel prices. Secretary Richardson announced a new Home Heating Oil Hotline, a DOE study on reducing regional reliance on heating oil, a Transportation Department study on driver waivers, listened to calls for a regional product reserve, and announced a DOE study of such a reserve's feasibility. On February 18, Secretary Richardson will travel to Mexico to meet with Energy Secretary Luis Tellez, and during the week of February 21, Secretary Richardson will travel to Saudi Arabia to meet with OPEC oil ministers.
- Travel to the Middle East:** From February 20-27, Secretary Richardson will travel to the Middle East, stopping in Israel, Egypt, Kuwait, and Saudi Arabia. In Israel from February 20-22, Secretary Richardson will also meet with PLO Chairman Arafat and is scheduled to sign an energy cooperation agreement with the Palestinian National Authority. From February 22-24, in Egypt, Secretary Richardson will meet with President Mubarak, Prime Minister Atef Ebeid, Minister of Energy and Electricity Al-Saedy and Minister of Petroleum Amin Fahmy. In Saudi Arabia, he will meet with Minister of Petroleum and Mineral Resources Ali Al-Naimi and Kuwait, and Minister of Oil and Chairman of Kuwait Petroleum Corporation Sheikh Saud Nasser Al-Sabah to discuss the recent developments in the international oil market. Secretary Richardson will continue on to Norway where he will meet with Energy Minister Arnstad to continue his discussions on international oil markets.
- National Community Action Conference:** On March 1, Secretary Richardson will address leaders of the community action agencies that administer DOE's Weatherization Assistance Program (WAP). Secretary Richardson is expected to announce the award of year 2000 weatherization grants to States, as well as changes being made to WAP. The Weatherization Assistance Program implements energy efficiency measures in low income homes to reduce energy use by an average of 25 percent. Current funding for FY2000 will weatherize 67,340 low-income homes.
- Daimler Chrysler Concept Car:** On February 22, Daimler-Chrysler will become the third Partnership for New Generation Vehicle (PNGV) partner to unveil its concept car in Washington, DC. The objectives are to develop manufacturing techniques to reduce the cost and time of automotive development, improve fuel efficiency and emission performance of conventional vehicles, and develop mid-size vehicles which achieve up to 80 mpg while maintaining or improving safety, performance, emissions, durability, comfort, and affordability.

- **Home Heating Oil Prices:** As of February 11, Heating Oil New York Harbor Spot prices were at 79.5 cents per gallon, down from their high of 176.5 cents per gallon the previous Friday. In addition, the national On-Highway Diesel average price on Monday, February 14, was down to \$1.456 per gallon, from last week's high of \$1.470 per gallon.
- **Gasoline Prices Up, Stocks Down:** The New York Harbor spot price for conventional regular finished at 83.63 cents per gallon, jumping almost seven cents from a week ago. The highest average price in the ten-year history of EIA's weekly U.S. retail gasoline survey was set February 14 with an amount of 135.6 cents per gallon. All regions reported an increase as part of the national 3.1 cents gain from last week. Crude oil prices continue to be the largest factor in the 43.7 cents-per-gallon surge from a year ago.

DEPARTMENT OF EDUCATION

- **State of American Education:** On February 22, Secretary Riley will deliver his State of American Education Address in Durham, NC. Several members of NC's delegation, including Reps. Etheridge, Price, McIntyre, and Burr, are expected to attend. Other Members of Congress and DOEd officials will host downlink sites in Ft. Lauderdale, San Antonio, Chicago, Fresno, Los Angeles, San Francisco, Cleveland, Memphis, Charlotte, a Seattle suburb, New York City, and other sites across the country. In the days following the speech, the Secretary will join Reps. Shows, Bennie Thompson, Eddie Bernice Johnson, and Berkley at events in their districts.
- **Cureton v. NCAA Rehearing:** On February 9, the Third U.S. Circuit Court of Appeals declined to review whether the NCAA is subject to federal civil rights laws. In December, the court reversed a lower court ruling and allowed the NCAA to continue using the standardized test-score provision of the NCAA's eligibility rules that the plaintiffs had claimed had a disparate effect on African-American student-athletes. The plaintiffs plan to seek Supreme Court review of the matter because they believe the NCAA should not be "immune from the civil rights laws and free to discriminate on the basis of race, sex, or disability." DOJ filed an *amicus* brief supporting argument.
- **Read Across America Day:** The National Education Association is calling for every child in every community across the country to celebrate reading on March 2, Read Across America Day. Many colleges and universities that participate in DOEd's America Reads Challenge are setting up special events for tutors and children.
- **School Safety Action Guide:** By the end of February, DOEd expects to have completed work on "Safeguarding Youth: An Action Guide to Implementing Early Warning, Timely Response." GPO is expected to print 200,000 copies within four weeks. The action guide, like the original report released in 1998, will be distributed to every school and superintendent in the U.S.

- **Study on Federal Education Funding:** In early March, DOEd expects to release Study of Education Resources and Federal Funding: Final Report, which will examine the distribution and uses of funds from Goals 2000 and the Elementary and Secondary Education Act. A preliminary report was released in July 1999. This final report presents a more comprehensive set of findings from the study, with additional information on targeting, the comparability of state and local resources in Title I and non-Title I schools, the uses of Title I funds at the district and school levels, and the impact of Title I funds on total resource levels in different types of Title I schools. Title I is designed to ensure that poor students have equal access to high-quality education.
- **Annual School Safety Report:** In March, the 1999 Annual Report on School Safety, produced by DOEd's Office of Safe and Drug-Free Schools program, will be sent to every school and superintendent in the U.S. The report's findings, which are based on data from 1997, present an updated description of the nature and extent of crime and violence on school property. The report also describes the steps that schools have taken to prevent school violence.

DEPARTMENT OF VETERANS AFFAIRS

- **National Rural Development Partnership Rural Issues Conference:** On March 5-6, VA will participate in the National Rural Development Partnership (NRDP) Rural Issues Conference. NRDP is a multi-agency, multi-sector partnership that brings together Federal, State, local, private, and non-profit entities to improve the quality of life in rural areas across the country.

ENVIRONMENTAL PROTECTION AGENCY

- **Intention to Eliminate MTBE in Gasoline:** EPA has prepared an advance notice of its intent to begin a rulemaking to eliminate or limit the use of MTBE as a gasoline additive. On February 14, EPA transmitted a draft of this notice to OMB for inter-agency review. The Toxic Substance Control Act authorizes EPA to regulate the manufacture, distribution, use, and/or disposal of a chemical substance if there is a reasonable basis to conclude that regulation will prevent unreasonable risk of injury to public health or the environment. The use of MTBE in gasoline has caused widespread contamination of the nation's drinking water supplies.
- **Yucca Mountain:** On February 10, the Senate passed legislation that addressed the disposal of radioactive waste at the Yucca Mountain site in NV. Despite efforts to make concessions to win votes, Chairman Murkowski fell three votes shy of the two-thirds needed to override your threatened veto. A February 9 Statement of Administration Policy indicated that the bill is unacceptable because it undermines EPA's existing statutory authority to set groundwater standards for Yucca Mountain. EPA's proposed

standards, due to be made final this summer, have been controversial with the nuclear industry. The Nuclear Regulatory Commission has also objected to the proposed standards. Chairman Murkowski sought to delay the issuance of final standards until June 2001.

UNITED NATIONS

- **Dues Assessment:** The Management and Reform section has been engaged in discussions to reform the UN's scale of assessment, a condition precedent to repayment of U.S. arrears. Countries whose cooperation will be essential include China, Russia, the EU, Japan, Argentina, and several of the oil-producing Arab States, all of whom will have to assume a heavier dues burden if the U.S. assessment rate is to go down. Enlisting the support of the most of these players will entail intensive engagement in capitals and at high-level bi-lateral meetings.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Hearing before the Senate Narcotics Control Caucus:** On February 22, Director McCaffrey will testify before a joint hearing of the Senate Narcotics Control Caucus and the Senate Finance Committee's Subcommittee on International Trade regarding counterdrug assistance for the Andean Ridge nations. Representatives from State, Transportation and the US Army Southern Command will also testify.
- **Trip to Colombia:** From February 22-24, Director McCaffrey will travel to Colombia to discuss US counterdrug assistance and receive briefings on a variety of efforts linked to the Colombian government's strategy for addressing its current crisis.
- **Address to the Inter-American Dialogue:** On February 25, Director McCaffrey will address the Brookings Institution's Inter-American Dialogue. His remarks will focus on the challenges of international drug control policies and the Administration's proposed emergency supplemental aid package for Colombia.

SMALL BUSINESS ADMINISTRATION

- **Credit Needs:** On February 16, SBA will urge its lending partners across the country to use SBA credit programs to help financially strapped fuel and heating oil dealers get through a cash flow crisis brought on by high oil prices. Administrator Alvarez is asking the 70 SBA field offices to conduct an aggressive outreach campaign to make sure that fuel oil dealers, lenders and other partners are aware of SBA-backed loans and technical assistance. The industry's cash flow problem developed over the past few weeks when the price of fuel oil rose dramatically at the same time as many areas around the country were hit by temperatures much lower than those usually experienced in the winter season.

02-21-00

GENERAL SERVICES ADMINISTRATION

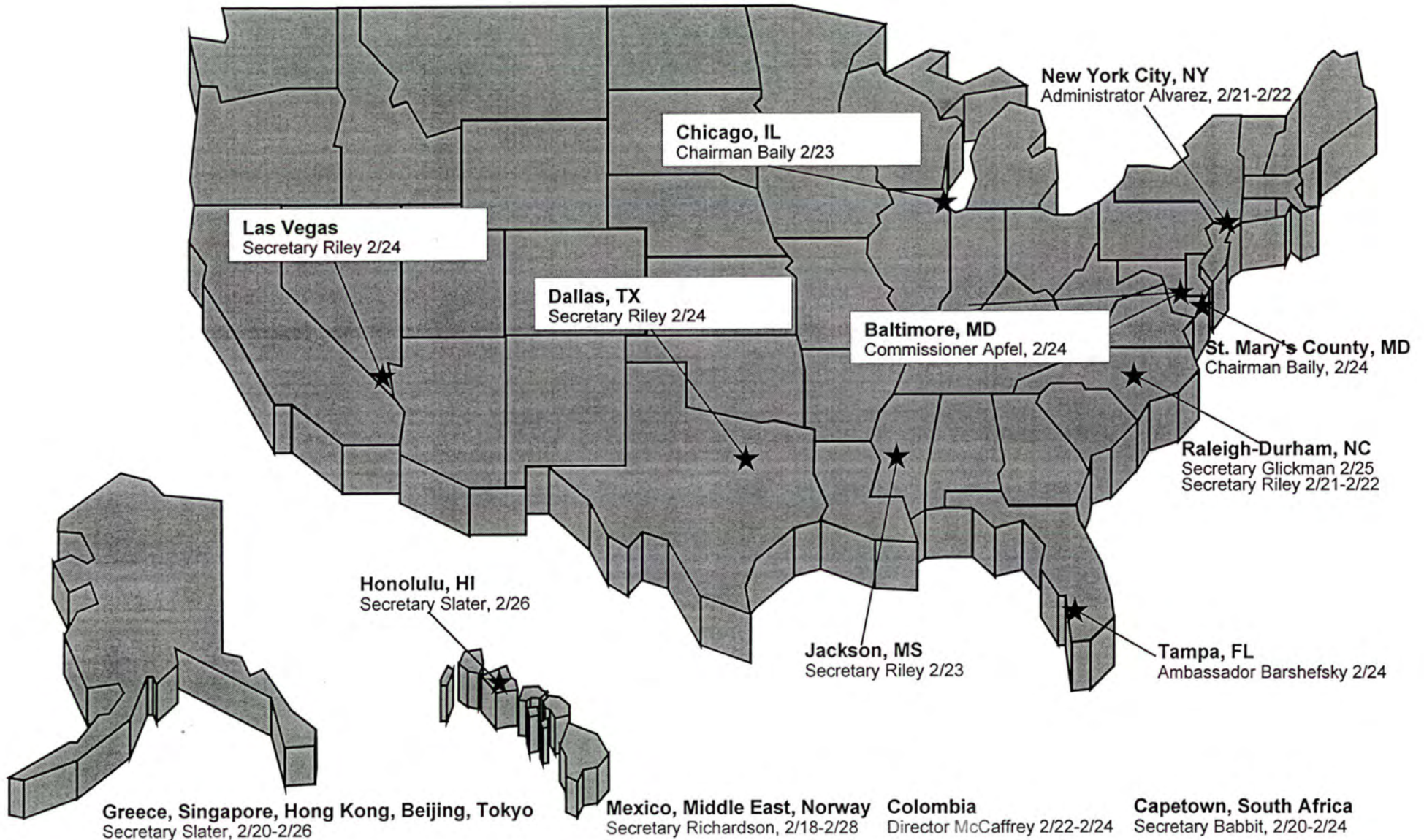
Child Care: A new low-cost, high-quality child care center benefiting federal families and children of low- and middle-income families will open in Washington, DC, this spring. Tuition will be subsidized through private funds, scholarships and grants. GSA brokered the deal for the center, which combines the resources of GSA, DOJ, Treasury, and DOL, the PBGC, Marriott, and Kaiser Permanente. The Marriott Corp. approached GSA with the idea of offering affordable child care to its hotel staff, who often work unusual hours, and to federal workers, who often cannot afford the DC market rate for infant care. The federal partners are paying half of the construction costs, and the DC government will fund the remainder. Furnishings, playground and security equipment, and other costs will be shared by the DC government, Marriott, and the federal agencies. Kaiser Permanente will offer health insurance for uninsured children, CPR training, parent and staff health and parenting education, physical exams, and immunizations.

SOCIAL SECURITY ADMINISTRATION

- **Census 2000:** SSA is developing a number of initiatives to promote Census 2000 and to inform the American public of its importance. SSA entered into a "Level IV" partnership participation agreement with DOC that commits SSA to a number of census-related activities including placement of census information in 1,500 nationwide field and hearings offices, encouraging employees to take temporary positions as enumerators, and sending information to national stakeholder organizations about the importance of Census 2000. In addition, SSA is working with Treasury to include a census message in the April and May Social Security and SSI checks, which total about ten million each month. During President's Week, more than a dozen members of SSA's executive staff will participate in school and other public events or media interviews emphasizing the importance of Census 2000 and the need to enumerate all residents.
- **Electronic Newsletter:** On February 15, SSA launched an electronic newsletter, from its website. Visitors are able to subscribe to Social Security e-news, a monthly electronic newsletter providing brief items on the latest Social Security information of public interest.

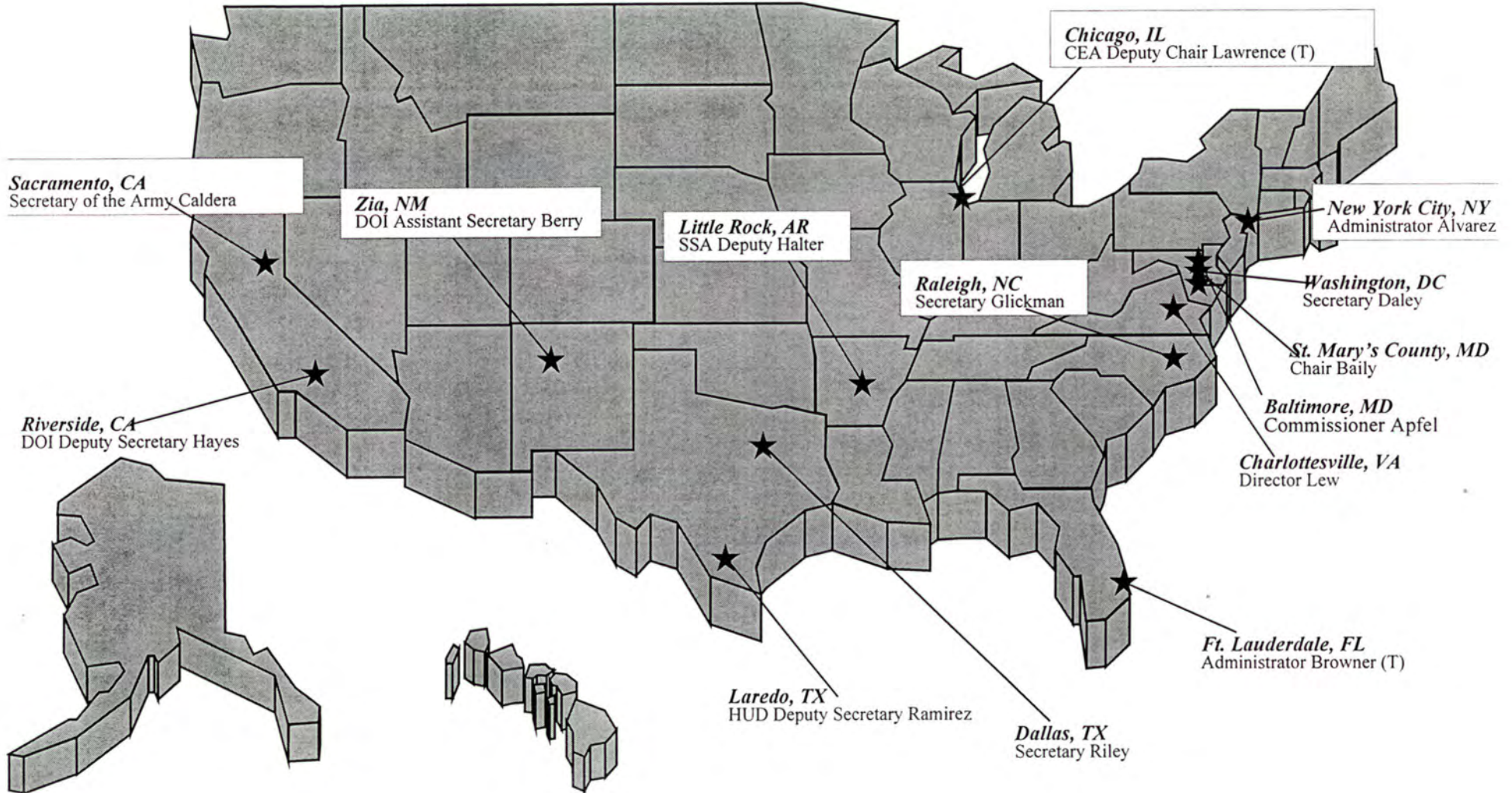
Cabinet Travel

Monday, February 21 - Sunday, February 27, 2000



Cabinet Travel for Census in the Schools

Friday, February 18 - Friday, February 25, 2000



cc:

The Vice President
John Podesta
Martin Baily
Sandy Berger
Sidney Blumenthal
Charles Burson
Chuck Brain
Mary Beth Cahill
Maria Echaveste
George Frampton
Mickey Ibarra
Ben Johnson
Joel Johnson
Janis Kearney
Neal Lane
Jack Lew
Ann Lewis
Joe Lockhart
Buddy MacKay
Sean Maloney
Minyon Moore
Bruce Reed
Steve Ricchetti
Gene Sperling
Lauren Supina
Loretta Ucelli
Melanne Verveer

THE WHITE HOUSE
WASHINGTON
MEMORANDUM

February 18, 2000

Copied

Ucelli
Janenda
Podesta

(entire report)

TO: THE PRESIDENT

FROM: LORETTA UCELLI
TOM JANENDA

RE: Communications Weekly Report

OVERVIEW:

We are working with the policy committees, outreach offices, Press Office and others to plan effective communications efforts for your upcoming events and to develop comprehensive, long term strategies to build public support for action on key priorities on your agenda for the nation this year.

UPCOMING EVENTS:**Tuesday, February 22nd -- Medical Errors:**

You will take new Executive action to protect the health and safety of the American people by reducing the occurrence of preventable medical errors that claim as many as 98,000 American lives each year. In December of last year you directed a task force to review this issues and on Tuesday you will be presented with its findings and a blueprint for action. You will unveil a series of landmark initiatives that will enhance patient safety by reducing medical errors by 50 percent over five years and call on Congress to enact your \$20 million budget proposal to prevent medical errors.

Tuesday, February 22nd -- Live Teleconference With President Mandela on Burundi:

We have worked closely with the NSC, Press Office and others to arrange your live teleconference with President Mandela on Burundi. This will mark the first time a President has used technology to participate in peace talks taking place on the other side of the world. We are working with the other offices to see that the event is available and covered by key media and constituencies domestically and internationally.

Wednesday, February 23rd -- DOT/Food Stamps:

You will announce another Executive action to create opportunity for working families by reducing the barriers to work when you unveil new USDA regulations that make it easier for people to own ~~and~~ reliable cars and still be eligible for food stamps. This change will help 150,000 people who are trying to find work and build better lives for their families. You will highlight three other budget initiatives that aim to accomplish similar goals. We are working with OPL and Cabinet Affairs to amplify this announcement and provide effective advocates of your proposal with a chance to do additional press interviews.

Thursday, February 24th -- Address to the Business Council/China-WTO:

Your address to the Business Council provides an opportunity to make the case for China's entry into the World Trade Organization. We are working with Steve Ricchetti, Karen Tramontano, NEC, NSC, the Press Office and others to organize this event and build maximum coverage of this important message by enlisting some of the business leaders to do additional media supporting your remarks. We are also working with these offices to develop a long-term strategy to sustain this message and build public and congressional support over the coming months.

Thursday, February 24th – Granoff Lecture at UPenn on the New Economy:

On August 16, 1992, you spoke at the University of Pennsylvania about the New Economy and put forth a “new approach to economics that will give new hope to our people and breathe new life into the American Dream.” You will return to this same venue to review the great progress our nation has made following that “new approach” over the last seven years and announce the Economic Summit you will host at the White House on April 5th. And, as you did in your State of the Union, you will note that our prosperity provides an historic opportunity to build on our prosperity. The New Economy and new technologies are changing the way Americans live and work – and our economic strategy must keep pace. That means investing in education, closing the digital divide, and enacting your New Markets Initiative.

Friday, February 25th – Meeting With Native American and Congressional Leaders:

You will host an historic meeting between Native American leaders, Members of Congress and members of your Administration. You will discuss the major new commitment to increasing opportunity in Native American communities included in your Native American budget initiative. Following the meeting you will be joined by these leaders for a statement. We are working with other offices to insure that this event receives extensive local and regional media coverage, as well as national coverage.

Friday, February 25th – Malcolm Baldrige National Quality Awards Presentation:

You will present this year’s Baldrige Awards to winners selected by the Commerce Department and private-sector at a ceremony attended by 600-700 people, largely industry and corporate leaders. There is tremendous interest in these awards within the business community and we are working with the Press Office, Commerce Department and others to insure maximum coverage of the event and winners.

ADDITIONAL ISSUES/LONG-TERM STRATEGY:

Home Heating Assistance:

We worked aggressively this week to get out the information regarding the Executive action you took Wednesday to ease the crisis facing families having trouble with home heating costs this winter. We worked with Maria Echaveste’s office, IGA and others to circulate letters from HHS to the Governors in especially hard hit states laying out the actions you took and the additional steps that they could take to provide relief. In addition, we worked with OMB, the Press Office and others to draft and arrange for your PSA. This PSA will be made available to all states, especially those hardest hit. And it will allow you to communicate directly with families who may be facing hardship and let them know how to find assistance. We will continue to monitor and work with other offices to see that this message is communicated effectively, particularly when you meet with Members of Congress and Governors from these states on February 28.

Long-Term Planning On Priority Issues:

We are working with Karen Tramontano, the policy offices and Press Office to develop year long communications strategy on several priority issues, including health care, education, environment, youth violence/common sense gun control measures, China/WTO and National Service. For each of these issues, we have developed a calendar of opportunities for you and members of your Administration to build public and legislative support for action. Each of these opportunities provides a chance to draw attention to these issues through Executive action, releasing new reports or information or pre-existing news hooks like Earth Day. We will continue to work with other offices to develop creative ways for you, your Cabinet and members of your Administration to communicate on these issues.

Making Creative Use Of The Internet To Communicate:

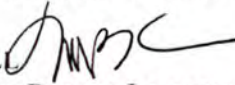
We continue to pursue strategic ways to make use of the Internet to communicate your agenda. Your CNN Online Town Hall was successful in this regard and we are planning additional “web-side chats.” And we met with the Staff Secretary’s Office this week to insure that, as we make more use of the Internet, people who email you receive timely written responses from the White House. In addition, we are working to make creative use of the White House web site to support upcoming events like Earth Day.

THE WHITE HOUSE

WASHINGTON

February 18, 2000

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL 
DIRECTOR, OFFICE OF PUBLIC LIAISON

SUBJECT: WEEKLY REPORT (February 12 to February 18)

Copied
Cahill
Podesta

(entire report)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:*CHINA PNTR*

OPL Continues Outreach Efforts with Business Community. Your comments on China during Wednesday's press conference were very well received and were distributed widely throughout the business community. The Administration continues to send officials to speak at business events here in Washington and around the country in support of PNTR.

The business community was alarmed at the *USA Today* article on Thursday regarding the Vice President's trip to the AFL-CIO Convention in New Orleans. In the article, AFL-CIO President John Sweeney indicated that Gore did not necessarily favor PNTR this year.

I met with the heads of the major IT trade associations to discuss rollout events with the high tech industry in March to promote PNTR. The industry is well organized and prepared to fully support efforts to secure passage of PNTR this year.

State Reports that Most Human Rights NGOs Are Apt to Remain Neutral on PNTR. They prefer instead to concentrate on mechanisms that would allow an annual debate on human rights in China. It is not yet clear if efforts to enlist their support would be effective.

OPL Hosts Conference Call with Asian American Business Leaders. Twenty Asian American business leaders from New York, California, Houston, Washington State and the DC metro area participated in the conference call, which was led by OPL, USTR and the Department of Commerce. The business leaders were very supportive of your efforts to achieve PNTR and are interested in obtaining the support of other Asian American business leaders. Norm Mineta has agreed to play a prominent role in the Asian community with efforts in regards to China.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:*ETHNIC OUTREACH*

OPL Organizes Nationwide Outreach Call To Croatian Americans. On Monday, 35 Croatian American activists representing 16 states, from Massachusetts to California,

02-21-00

participated in an OPL outreach call with State. Ambassador Dobbins, who was on his way to attend the inauguration of Stipe Mesic, shared the Administration's optimism toward the just-completed democratic transition in Croatia. He said the positive changes in Croatia would allow Croatia to work with the U.S., Western Europe, and leading Euro/Atlantic forums on mutual goals. The Administration also promised support of technical assistance programs for Croatia and help in gaining access to international lending organizations.

HEALTH OUTREACH

WIC Directors Pleased with FY 2001 budget for WIC program. They are nervous that Republican Members will fight to decrease funding of the WIC program because of a decline in WIC numbers.

JEWISH OUTREACH

Limited RLPA Bill Gaining Support Among Religious, Civil Rights Coalitions. Facing limited chances of passage for a 'pure' Religious Liberties Protection Act, momentum is gaining for a bill that would cover the most pressing needs: land use, autopsies, garb, and prisons. Despite posturing from the conservative religious groups that only a pure bill is acceptable (much in the model of the RFRA battle), many moderate religious groups are eager for a solution. Civil rights groups have also indicated their support for a limited bill. Sen. Hatch remains an obstacle, as he pledges to withhold consideration of the Hate Crimes Prevention Act until RLPA is resolved.

LATINO OUTREACH

Positive Response to Hispanic American Achievement Event. Monday's Hispanic American Achievement event received a wide range of positive support and feedback from LULAC members, members of the NHLA, and the Hispanic community. Your remarks were widely distributed to the press and the Hispanic community. In a meeting after the event, Puerto Rican LULAC members applauded your statements regarding a Puerto Rican status choice and the Vieques agreement; they are committed to gathering additional support in Puerto Rico.

Hispanic Judicial Nominations Meeting Produces Re-energized Efforts. OPL and the Counsel's office convened a follow-up meeting with representatives from MALDEF, LULAC, NPRC, NALEO, the Mexican American Bar Association, the National Hispanic Bar Association, the U.S. Hispanic Chamber of Commerce, and the National Hispanic Leadership Agenda (NHLA) to reinforce your commitment and dedication to your Hispanic nominees. This week and next, the groups, including the Congressional Hispanic Caucus, are sending out action alerts to their regional and state offices informing them to call and/or set-up meetings with Senators in their states. Organization leaders will also meet with targeted Senators' Chiefs of Staff. Manny Mirabal, President of the NHLA, has scheduled a Hill press conference for next Tuesday with other Hispanic organizations, including the Republican Hispanic National Committee. The portion of your remarks on Judicial Nominations at the Hispanic American Achievement event were the top news story on National Public Radio's Monday evening news. We will continue to monitor the situation and work closely with the groups, particularly as the Paez vote nears.

RELIGIOUS OUTREACH

Concern for the Ba'hais Greatly Appreciated. They believe strongly that your statement about the Iranian death sentences against three of their faith has been very helpful in garnering coverage in Iranian media – where "Ba'hai" is considered a curse word. You also sent a letter of condolence to Firuz Kazemzadeh, one of your appointees to the US International Commission for Religious Freedom, upon the death of one of their primary leaders. That has been warmly received by their followers.

Interfaith Efforts toward Peace in Kosovo. Leaders of the traditional religious communities of Kosovo – Muslim, Serbian Orthodox, and Roman Catholic – have issued a statement of shared moral commitment condemning all violence against innocent persons, specifically: acts of hatred based on ethnicity or religion; desecration of religious buildings and graveyards; acts of revenge; and attempts to keep people from returning to their homes.

THE WHITE HOUSE
WASHINGTON

February 18, 2000

WEEKLY MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER *LC*

CC: MARIA ECHAVESTE

SUBJECT: THE DELTA AND INDIAN COUNTRY

Copied

Cutler

Podesta

(entire report)

Regional Delta Authority

- I held a meeting with all of the outreach offices this week to begin a grassroots strategy to gain support for enactment. After the meeting with the Governors, which you will be part of on February, 28, 2000, we will invite the county officials who came to Washington in early March of 1999, to come to a briefing.
- There are then several other pieces involving local and state officials and community-based groups. It is our thinking that this really needs to be widely distributed to people living in the Delta so they can educate their federal representatives. No one knows this issue or region better than you do, so I welcome any suggestions you might have.

FY2001 Indian Country Budget

- Earlier this week, we briefed the Washington representatives of several of the tribes on the Initiative for the 2001 budget.
- There is a large article in this week's issue of Indian Country Today about your Indian initiative. It is generally very favorable.

Pine Ridge

- There is also a very big story on the ongoing events at Pine Ridge. As I've written before, the tribal offices are under occupation, and there have been calls for President Salway's impeachment. The BIA and others are working hard to mediate and now the dissenters are saying they will settle for a censure letter. Many of these people are on the Council. President Salway is refusing to convene a meeting of the council. Unfortunately, many of the projects we are trying to get underway at Pine Ridge are on hold. Additionally, the FBI has seized the records of the tribal housing authority, which include HUD records. For these

02-24-00

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

reasons, it would not be a good idea for us to have representation from Pine Ridge at the statement ceremony you are doing on February 25, 2000.

- Several tribal leaders have told me that President Salway quotes you as promising many things to him and Indian country that you did not say. We really can't provide a situation where he has access to you again until the current crisis is resolved.

PowerUp

- I met this week with officials from the PowerUp Foundation. We discussed several ways that we can work together to get training in digital programs on the reservations, as well as the potential for economic development. The Foundation is funded in part by Steve Case and his wife, Jean Case. There is a strong working relationship with Americorps that we'll explore. They work with many of the Silicon Valley companies and are committed to activities to close the digital divide. Their mission statement says it all:
- PowerUP is a major national initiative launched by more than a dozen nonprofit organizations, major corporations and federal agencies to help ensure that America's underserved young people acquire the skills, experiences and resources they need to succeed in the digital age. The goal of PowerUP is to use innovative approaches to bridge the digital divide that separates the "haves" and "have nots" in their access to computers, technology and online resources.
- Established as a nonprofit organization, PowerUP grew from an initial \$10 million grant from the Case Foundation. PowerUP has created partnerships with AOL and the AOL Foundation, the Waitt Family Foundation, the Corporation for National Service, PowerBar Inc., Sun Microsystems, Family Education Network and many youth serving organizations including the YMCA of the USA, Boys and Girls Clubs of America, National Urban League, Communities in Schools, U.S. Department of Education, and Save the Children.

Child Support Recovery/Casinos

- We have been fielding calls from Indian Country about the proposal to collect delinquent child support from gaming winnings. There have been several meetings at the White House about the overall proposal, most recently with the Chairman and staff of the National Indian Gaming Commission.
- This really cannot work in Indian casinos because of the sovereignty and other issues, but my hope is that we can sell a voluntary effort to them. We will meet with tribal leaders from National Indian Gaming Association, the membership group, on March 3, 2000.

Think great
I did & want
up there
P.S. as much
as you can



Wednesday, February 9, 2000

Pine Ridge president again short-stops suspension motion

Treasurer out, audit underway, protest continues

By David Melmer
Today staff

PINE RIDGE, S.D. — The Grass Roots Oyate have spoken, the Oglala Lakota Council listened, but the tribal building remains closed for business.

A recent, mandated quarterly council meeting began as feared, tense and contentious. And before the session ended abruptly, one man was out, another's job threatened and an attorney resigned, but tribal members had their say.

As the occupation of the Red Cloud Building, Pine Ridge tribal headquarters, hit day 16, the Grass Roots Oyate demand that tribal treasurer

be removed without a hearing and President Harold Dean Salway attempted to suspend him twice in this administration.

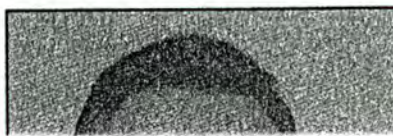
The second demand was satisfied when Ruth Brown, councilwoman from the Eagle Nest District, moved to audit all tribal financial records of the past five years. It passed unanimously, a move that earned an enthusiastic round of applause from the crowd.

Also accepted by unanimous con-

■ *"We've had some disruptions in services. Look at all the issues with a good heart and an open mind. Set*



Floyd Brings Plenty



Oliver Red Cloud



after many anxious days.

"We've had some disruptions in services. Look at all the issues with a good heart and an open mind. Set differences aside and come together for the people and make a difference," said Superintendent Ecoffey.

He told the council and gathering on Monday that rumors of the BIA stepping in and taking over were not true, that his main intent was to work with the people and the council to strengthen the tribe.

However, the next day, when chaos ruled, Ecoffey, in an emotional speech, implored the two sides to come together. "If tribal government can't work, I will not hesitate to take over the \$10 million programs. Let's move on and quit fighting. Step forward and quit fighting."

The frustration expressed has been festering for more than 65 years, speaker after speaker said. The Indian Reorganization Act of 1934 set in place a government structure for tribes, which the Oglala Sioux Tribe adopted. Now the call for a return to traditional government — with a general council

Treasurer out, audit underway, protest continues

By David Melmer
Today staff

PINE RIDGE, S.D. — The Grass Roots Oyate have spoken, the Oglala Lakota Council listened, but the tribal building remains closed for business.

A recent, mandated quarterly council meeting began as feared, tense and contentious. And before the session ended abruptly, one man was out, another's job threatened and an attorney resigned, but tribal members had their say.

As the occupation of the Red Cloud Building, Pine Ridge tribal headquarters, hit day 16, the Grass Roots Oyate demand that tribal treasurer Wesley "Chuck" Jacobs be removed was almost accomplished.

The council voted to suspend Jacobs without pay and allow him 20 days to prepare for a removal hearing. The vote was 12 to 4 to suspend. No date was set for the hearing.

After Jacobs was suspended, Floyd Hand, spokesman for the grass-roots group, added to the demands. He asked the council to remove Jacobs immediately and prevent him from ever holding an office or job with the tribe.

Jacob's removal was the number one demand of the Grass Roots. But, since he was only suspended, the group's leadership said they would stay in the Red Cloud Building until he was removed permanently and until financial records were audited — the second most important demand.

Former councilman Frank Ecoffey, father of BIA superintendent Bob Ecoffey, told the council it could remove Jacobs without a hearing. "You could settle this in 30 minutes."

vious administration without a hearing and President Harold Dean Salway attempted to suspend him twice in this administration.

The second demand was satisfied when Ruth Brown, councilwoman from the Eagle Nest District, moved to audit all tribal financial records of the past five years. It passed unanimously, a move that earned an enthusiastic round of applause from the crowd.

Also accepted by unanimous con-

■ *"We've had some disruptions in services. Look at all the issues with a good heart and an open mind. Set differences aside and come together for the people and make a difference," said Bob Ecoffey, BIA superintendent.*

sent was a motion to move the finance and accounting office to Kyle. On Feb. 2, that move was underway.

During the day and a half meeting, speaker after speaker stood before the council to encourage members to act responsibly and listen to the people.

"Look at the people, they are the ones that put you here. Think — use your mind," said Oliver Red Cloud, spokesperson for the Grass Roots Oyate.

"When the audit comes down, you will be sorry. We know everything you do for the past five years. The people are looking the other way. They don't trust you any more."

Hand urged the council to hold meetings and conduct a needs assess-



Floyd Brings Plenty



Robert Ecoffey

an outdated treasurer," he said. "Speak the truth. We have taken our stand. We are a traditional treaty people."

An enormous political gap separates many on the council and the grass-roots group. Mediators sent by the Department of Justice said they had made no progress in bringing the two sides together to deal with the issues while tribal members experienced interruptions in services. Tribal employees have been paid, but only

after many anxious days.

"We've had some disruptions in services. Look at all the issues with a good heart and an open mind. Set differences aside and come together for the people and make a difference," said Superintendent Ecoffey.

He told the council and gathering on Monday that rumors of the BIA stepping in and taking over were not true, that his main intent was to work with the people and the council to strengthen the tribe.

However, the next day, when chaos ruled, Ecoffey, in an emotional speech, implored the two sides to come together. "If tribal government can't work, I will not hesitate to take over the \$10 million programs. Let's move on and quit fighting. Step forward and quit fighting."

The frustration expressed has been festering for more than 65 years, speaker after speaker said. The Indian Reorganization Act of 1934 set in place a government structure for tribes, which the Oglala Sioux Tribe adopted. Now the call for a return to traditional government — with a general council made up of the tribal membership — or a blend of the two is repeated.

On Jan. 16, some 40 people, calling themselves the Grass Roots Oyate, walked into the Red Cloud Building and established temporary residency. They said they were fed up with the corruption that permeated tribal government and especially the finance office. No officials or tribal employees were allowed to enter the building where tribal financial records are kept. The group asserts it protected the records so no one could alter the data before audits were accomplished.

The FBI, at the request of the tribal executive committee, removed financial records. The grass-roots group said the wrong records were taken and they wanted records from the general tribal accounts audited along with program and other records.

During this occupation, President William Clinton was the first president to ever mention American Indian issues



Oliver Red Cloud



Harold Dean Salway



Floyd Hand

Ocupiers still demand 'Jacobs' removal

From C1

in a State of the Union speech. He said he will ask for \$1 billion additional for American Indian projects and specifically made reference to the Pine Ridge Reservation's needs.

The second day of the council meeting ended in chaotic fashion. It only took two hours before Tribal President Harold Dean Salway adjourned the session with the declaration that no business could be conducted with council members and audience members disrupting the proceedings. The council was to meet through Feb. 4.

Salway supporters jeered and booed when Councilman Floyd Brings Plenty introduced a motion to suspend the president for misappropriation of tornado-relief funds. Without missing a beat, Salway adjourned the meeting. This is the second time he adjourned a meeting when a motion for his suspension was introduced. The last time was on Nov. 23. Some council members are still angry about that action. The tribal attorney had said that in the event a meeting could not be controlled, the president had the authority to adjourn a meeting.

Council members refused to leave. They sat, stunned, in their seats. Some claimed the meeting could not be adjourned while a motion — with a second — was on the table. Councilman Gerald Big Crow said Salway's move was enough to consider impeachment.

That all happened after the tribal attorney Marvin Amiotte resigned in the face of controversy. The Grass Roots group offered a resolution for his removal. He was accused of working with Jacobs to shut off phone service and other utilities to the Red Cloud Building. Amiotte denied any involvement with any utility cutoff. He said if he was part of the problem, the council could have his resignation. He then left Billy Mills Hall in Pine Ridge Village where the meeting took place, but was summoned back by the council.

Salway never strays from his argument that he is innocent of any wrongdoing in the tornado-relief fund controversy. "There is no criminal evidence, no criminal wrongdoing," Salway said. He told the crowd he had three letters that exonerated him from any wrongdoing in the pow wow account issue. He has been accused of placing a \$30,000

relief donation in a pow wow bank account without authorization.

He asked the council to work with him to move into the future with the Empowerment Zone and President Clinton's New Market Initiatives.

"The Empowerment Zone can leverage \$500 million and provide real opportunities for our people. Keep us on track.

"The \$30,000 check is not the issue. I'm not the issue. If I have degraded or defiled my position, I leave on my own. But again, each and everyone of us has a mirror we've got to face. Every evening I pray. I pray for strength so I can make it through another day.

"This administration has gone through one critical activity after another. Starting with the tornados, to what took place in White Clay (a protest over beer sales) to the rallies, to the president's initiative, to what's going on right now."

He reminded the crowd and the council that Oglalas are leaders for other tribes across the country. He said the international community is looking at what is happening and has happened on Pine Ridge.

"Yet what are we doing with each other? We are pointing fingers, laying

blame and not dealing with issues... so many things that we can obtain and access in Washington right now.

"I have direct access to (President Clinton). We should explore as much as possible. I have met three times with him and will go back again. I went out of my way to bring the president here. We need to solve our problems."

He asked the council to work with him, to let him bring in jobs and work on housing. "Those six hours I spent with Clinton, I talked about the treaty and told him our needs. I gave him the \$800 million wish list."

There is no official schedule for the next council meeting but it would not normally be held until April. Since only two items on the agenda were dealt with, a full slate will carry over to the next meeting.

Yet to be addressed are issues dealing with the return of the bombing range; a request for HUD funds for three street construction projects; development of a tribal office park east of Pine Ridge Village; creation of a 10-member commission for the Tribal Employment Rights Office and the charter for the Oglala Oyate Wotancan Empowerment Zone board.

Obstacles ahead in Congress

From C1

tion just won approval of the settlement of the Rocky Boy's Water Compact. The compact established a reserved water rights settlement trust fund of \$21 million and authorized \$24 million for the development of on-reservation water projects.

"Given that we are likely to have a fairly short work session this period

as people gear up for election, and given that we just finished the Rocky Boy's project ... the likelihood that this is going to move easily is not very great," Akey said. "But we will do what we can."

So far, the Fort Peck project has cost just over \$1 million of mostly federal money including engineering and environmental studies.



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Olson said. "Through struggles, it is our strength that we will win."

Some council members questioned why the bill should be used.

"When all is said and done Lakota and Nakota," said Sen. Pat Dorgan, D-S.D., a member of the Sioux Tribe.

The bill passed 27-6. It now

Ex-Crow Cre

PIERRE, S.D. (AP) — A former state trooper sentenced to 25 months in prison for assault on a woman.

Willard Andrew "Boxcar" Willard, 40, was charged with a dangerous driving charge after a crash on Highway 17. Attorney Ted L. McBride.

Willard pleaded guilty Oct. 10 to the charge.

On Aug. 13 at Lower Brule, according to a news release, Willard stopped a woman he suspected of driving a stolen car.

The assault drew a 25-month sentence, to be served concurrently with the prison term.

No rehearing c

BILLINGS, Mont. (AP) — The Montana Supreme Court will reconsider its December ruling against Burlington Northern.

The tribal court awarded \$1 million in damages to a train that killed a man in a car-train collision in 1991. The court ordered the amount to be reduced to \$25 million.

Chief U.S. District Judge J. William O'Connell has the authority over non-Indians on reservation. The 9th Circuit agreed with the tribal court.

Regina Bulltail, 17, and Burt Bulltail, 18, were on the Northern train slammed into the

Tribes must b

BISMARCK, N.D. (AP) — The state Tribal Education Commission is required to provide education for tribal children.

Tex Hall said the department of education is left "standing on its head" after a late December Indian Education Commission report.

Sen. Byron Dorgan, D-S.D., said he will follow through on a

"We're trying to put pressure on the state to understand the problem, propose the kind of reform that will get our children a good education."

The Tribal Education Department is working on a plan to improve the quality of education for tribal children.

DEPARTMENT OF ENERGY

- **Home Heating Oil:** On February 16, Secretary Richardson and the National Association of State Energy Officials hosted a Northeast Home Heating Oil Summit in Faneuil Hall. The summit, which included consumers, refiners, dealers, state and Members of Congress, discussed the recent rise in heating oil and diesel. Secretary Richardson announced a new Home Heating Oil Hotline, a DOE reducing regional reliance on heating oil, a Transportation Department study on waivers, listened to calls for a regional product reserve, and announced a study on such a reserve's feasibility. On February 18, Secretary Richardson will travel to meet with Energy Secretary Luis Tellez, and during the week of February 18, Richardson will travel to Saudi Arabia to meet with OPEC oil ministers. Copied
Street
Podesta
- **Travel to the Middle East:** From February 20-27, Secretary Richardson will travel to the Middle East, stopping in Israel, Egypt, Kuwait, and Saudi Arabia. In Israel from February 20-22, Secretary Richardson will also meet with PLO Chairman Arafat and is scheduled to sign an energy cooperation agreement with the Palestinian National Authority. From February 22-24, in Egypt, Secretary Richardson will meet with President Mubarak, Prime Minister Atef Ebeid, Minister of Energy and Electricity Al-Saedy and Minister of Petroleum Amin Fahmy. In Saudi Arabia, he will meet with Minister of Petroleum and Mineral Resources Ali Al-Naimi and Kuwait, and Minister of Oil and Chairman of Kuwait Petroleum Corporation Sheikh Saud Nasser Al-Sabah to discuss the recent developments in the international oil market. Secretary Richardson will continue on to Norway where he will meet with Energy Minister Arnstad to continue his discussions on international oil markets.
- **National Community Action Conference:** On March 1, Secretary Richardson will address leaders of the community action agencies that administer DOE's Weatherization Assistance Program (WAP). Secretary Richardson is expected to announce the award of year 2000 weatherization grants to States, as well as changes being made to WAP. The Weatherization Assistance Program implements energy efficiency measures in low income homes to reduce energy use by an average of 25 percent. Current funding for FY2000 will weatherize 67,340 low-income homes.
- **Daimler Chrysler Concept Car:** On February 22, Daimler-Chrysler will become the third Partnership for New Generation Vehicle (PNGV) partner to unveil its concept car in Washington, DC. The objectives are to develop manufacturing techniques to reduce the cost and time of automotive development, improve fuel efficiency and emission performance of conventional vehicles, and develop mid-size vehicles which achieve up to 80 mpg while maintaining or improving safety, performance, emissions, durability, comfort, and affordability. Phoned
Arthur?

THE WHITE HOUSE
WASHINGTON

February 19, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY
LISEL LOY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A)

(B)

Thinking of you
Cyber training article (via Lockhart) – in response to your request, Joe forwards a *Post* article on the Cyber Training Corporation.

Lockhart memo re: Robert Healy – Joe forwards a letter he received from Bob Healy, describing his work on a recent book on Northern Ireland and expressing interest in meeting with you. Neither Joe nor Jim Steinberg thinks you need to meet with him.

Edmonds memo with Psalms passage – in response to your request, Terry forwards the biblical quotation you used in yesterday's video session: "Cast me not off in time of old age; forsake me not when my strength faileth." Psalms 71:9.

inclined to do

*Copied
Lockhart
Bodessa*

good story

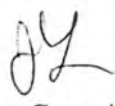
THE PRESIDENT HAS SEEN
02-21-00

THE WHITE HOUSE
WASHINGTON

'00 FEB 15 PM2:12

February 15, 2000

✓
MEMORANDUM TO THE PRESIDENT

FROM: Joe Lockhart 
RE: Cyber Training Corp Article

Per your request, attached please find a copy of the February 5, 2000 *Washington Post* article on the Cyber Training Corp. Please let me know if you wish to discuss this further.

114TH STORY of Level 1 printed in FULL format.

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The Washington Post

February 5, 2000, Saturday, Final Edition

SECTION: A SECTION; Pg. A03

LENGTH: 1331 words

HEADLINE: Launching a Counteroffensive in Cyberspace; Program Training Corp of Experts in Computer Security

BYLINE: Vernon Loeb, Washington Post Staff Writer

DATELINE: LIVERMORE, Calif.

BODY:

Eric Thomas hacks into Jason Arnold's computer with a few simple keystrokes, sniffing Arnold's password, hijacking his online session and stealing all the data on his screen.

It's easy enough. Thomas launches the attack, an ingeniously malicious script of Czech origin that he's downloaded from the Internet, without Arnold ever knowing what hit him.

"I'm watching everything he's doing right now," Thomas says, peering at his computer screen. He types in another command and declares victory: "I've taken over his connection!"

As it happens, Thomas and Arnold are seated 10 feet apart here at the Northern California branch of Sandia National Laboratory, the nation's best-equipped computer attack simulation center. This is a place where it is quickly apparent that the thrust and parry between cyber-attackers and cyber-defenders has evolved further than non-experts may realize--and that the defenders are not as hapless as the American public may think.

Both Thomas, 20, and Arnold, 18, are students at San Jose State University with a flair for computers. And both are just the type President Clinton had in mind last month when he proposed a national scholarship program to train cyber-security experts in return for four years of public service once they graduate.

The two young men are part of the vanguard, already enrolled in Sandia's College Cyber Defenders Program, an initiative of computer security guru Fred Cohen. A principal member of Sandia's technical staff, Cohen, 43, is credited with inventing the computer virus as a graduate student at the University of Southern California in 1983. Like Clinton, he believes the current security environment is more precarious than ever, having spent the past 17 years pioneering defenses against all forms of cyber-attack.

The attackers are becoming bolder and more sophisticated, Cohen said, while most people using computers know little--and seem to care even less--about protecting their machines. "This disconnect between technology and how people behave is getting broader, not narrower," Cohen said.

But within the federal government, the picture is more encouraging. The Pentagon's computer defenses have improved by "an order of magnitude over the past five years," according to Cohen. While the government still makes its share of blunders in cyberspace, he said, its combined expertise for defending computer systems and waging cyberwar "is probably the best in the world--by a long ways."

Such prowess isn't always readily apparent, with hackers taking down federal Web sites with regularity and Clinton sounding the alarm about cyber-terrorism in his budget proposal for fiscal 2001, which contains \$ 2 billion in computer defense initiatives.

But the Pentagon started funding the government's first computer emergency response team, or CERT, at Carnegie Mellon University 12 years ago after the so-called Morris "worm" was unleashed on the Internet and spread to 6,000 computers. Now most federal departments and agencies staff their own CERTs, the infantry in a growing cyber-security command structure.

At the FBI, the National Infrastructure Protection Center is responsible for fighting cyber-crime, taking many of its leads from CERTs throughout the executive branch. At the Pentagon, a newly created center in Arlington called the Joint Task Force-Computer Network Defense is responsible for coordinating all computer defenses throughout the military. And at the General Services Administration, the Federal Computer Incident Response Center plays the same role for all civilian computer defenses.

The price tag for these forces this fiscal year: \$ 1.5 billion.

Cohen himself is a one-man computer defense conglomerate, beginning with an 18-member research staff on cyber-security he directs here at the California branch of Sandia, which has its headquarters in New Mexico.

Dressed in blue jeans and Birkenstocks, he explains that he developed the Cyber College Defenders Program for much the same reason Clinton proposed the \$ 25 million scholarship program. "Ph.D. researchers are very expensive, they're hard to find, and the [national] labs don't pay as much as Silicon Valley," Cohen said. "It's build or buy these employees--and you can't buy them. So you have to build them."

The son of two physics professors, Cohen is also an adjunct professor at the University of New Haven in Connecticut and an expert in the nascent field of computer forensics--tracking digital crimes. And he runs a private consulting business, advising companies on how to protect their computer systems. One of his tactics is to show clients that they are theoretically vulnerable to attacks that could disable factories, cause chemical spills, or steal millions of dollars.

With such experience, Cohen is deadly earnest about the threat of cyber-war.

He joined Sandia's technical staff, he said, because he saw "the potential for attacks on the critical infrastructure that could cost millions of lives and change the course of nations."

Lance J. Hoffman, director of the Cyberspace Policy Institute at George Washington University, said most experts believe it is only a matter of time before a disastrous computer assault takes place.

"The government does have resources in computer security and information assurance," Hoffman said. "But there is no such thing as perfect security. . . . I hope Congress does not wait until the aftermath of a cyber-disaster to take action."

In Sandia's cyber-defenders program, Cohen downloads attack programs posted on hacker Web sites and assigns his students to run them against a variety of operating systems, figure out how they work and devise ways to defeat them. The suggested defenses are then posted on the Internet.

"Attackers share, but defenders don't share as well," Cohen said.

With the program nearing its first anniversary, students working part-time for \$ 10 to \$ 12 an hour have already modeled 400 attacks. Cohen has 1,800 more planned, and he figures his students will be caught up by the end of this summer, when the number of participants in the training program will double to 25.

One day last month, Corbin Stewart, 28, who has a degree in history and is studying computer science at Las Positas Community College, launched his 100th simulated attack, a script called seyon exploit.sh.

It comes with a disclaimer: "Please use in a responsible manner." But seyon exploit.sh was written with unconcealed malice, designed to allow whoever launches the code to gain root access to an improperly protected Unix operating system.

"It's privilege expansion," Cohen said as Stewart fired away. "They become the super-user on your computer--they can read, write, modify anything. They can cause it to crash, they can use it to attack other computers, they can install sniffers, Trojan horses to get back in--it's all theirs."

The threat, of course, is relative--and often grossly exaggerated, Cohen said.

Hackers launching seyon exploit.sh or other commonly available attack scripts could damage somebody's home computer or business server, Cohen said, but it is highly unlikely that they could bring down U.S. military networks. Most hackers lack the expertise to penetrate sophisticated defenses or sustain their attacks, Cohen said. Hacking into a federal government Web site, he said, typically causes little more lasting damage than spray-painting a sign outside a government office.

But when Clinton said last month that "hostile powers and terrorists can now turn a laptop computer into a potent weapon capable of doing enormous damage," he was not, in Cohen's opinion, exaggerating at all.

The Washington Post, February 5, 2000

A hacker may not be able to disrupt the Northeast's power grid, Cohen said, but the Russian government--with legions of computer scientists, years of expertise and a sophisticated understanding of how power systems work--probably could, if it wanted to.

Online Intruders (This graphic was not available)

LANGUAGE: ENGLISH

LOAD-DATE: February 05, 2000

'00 FEB 17 PM 7:27

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
02-24-00

February 17, 2000

MEMORANDUM TO THE PRESIDENT

FROM: JOE LOCKHART *JL*
RE: Robert L. Healy

I know you were interested in getting an update on Bob Healy, formerly of the *Boston Globe*. The attached letter explains his current project, a book on the Northern Ireland peace process. He is interested in scheduling time with you to discuss the issues involved. Jim Steinberg and I do not think you need to do this, but please let me know if it is something you would like to do.

ROBERT L. HEALY

January 25, 2000

Dear Joe,

I am writing a book on those who put together the peace agreement in northern Ireland for Osnos at Public Affairs. I came out of retirement to work on the process for a year in Ireland.

I'd like to get sometime with the President as he is a major piece of the book.

He knows me. I was bureau chief for the Boston Globe and executive editor.

I'll be in D.C. for Bridgion and probably for the March 17th celebration with the Irish. I'd welcome an invitation to the White House night which I've been to several times but missed last year.

I'm in Utah, writing and signing at enclosed address. Thanks.

Best. Bob